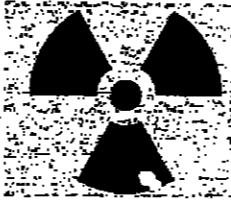


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FINANCIAL TIMES

Milan up 4%

China's ambitions
Assessing the
Taiwan exercises
Personal view, Page 12



Nuclear safety
Gamma curtain
for Ukraine
Technology, Page 10



South Africa
Thabo Mbeki:
heir apparent
Page 6

Telecommunications
Mega-merging
for profit
Page 13

World Business Newspaper

WEDNESDAY APRIL 24 1996

Prodi aims to move quickly to form Italian government

Romano Prodi, leader of Italy's victorious Olive Tree centre-left alliance, said a new government could be quickly formed following last weekend's elections. He won the endorsement yesterday of Fausto Bertinotti, leader of Reconstructed Communist party whose 35 deputies are essential if the Olive Tree is to form a majority in the lower house. But though Mr Prodi told a news conference he wanted to start setting off a new government, the RC leader said his party opposed the plan. Page 14

Chechen rebel leader's fate a mystery: Confusion last night surrounded the fate of Chechen separatist leader Dzhokhar Dudayev (left) after a news agency reported that he had been killed. The story delighted Russian troops, but some Chechen representatives denied the claim and Russian government officials could not confirm it. The Russian agency Itar-Tass said the former Soviet air force general had died on Sunday in a Russian rocket attack on a Chechen village. Page 14

Bank secrecy attacked: Banks which transmit money without knowing their customers or the purpose of transactions are no better than prostitutes, a US federal prosecutor told a conference on money laundering. Page 8

Nato force to stay: Senior Nato generals meeting in Brussels agreed there should be no cuts in the 60,000-strong peace mission in Bosnia until after mid-September. Originally Nato's military planners had foreseen reducing the peace force by the end of June.

Seven killed in clashes: Seven people including an Egyptian police general were killed when hundreds of police clashed with three gunmen in the south of the country. The three were suspected of killing 18 Greeks in Cairo last week.

Hong Kong telecoms: Hong Kong's telecom regulator is liberalising some areas of international services - but will not be touching Hongkong Telecom's lucrative monopoly on international direct dialled calls. Page 15

Digital shares surge: Digital Equipment's shares surged after the US computer maker reported a 68 per cent jump in net third-quarter income. Page 15

Japan considers US standards: Japanese cellular phone companies are considering adopting a US standard for digital phones in a move to use radio frequencies more effectively. Page 14

Profits warning from Rémy: French drinks group Rémy Cointreau said profits would fall but its dividend would be maintained. The market shrugged off the news. Page 15

Iraq oil talks in trouble: Iraq accused the US and Britain of virtually rewriting a draft deal on an oil-for-food plan that would allow Baghdad to return to the oil market. The UN offered to let Iraq sell \$2bn of oil over six months to raise money for food and medicine for its people.

Sino-Russian crime accord: China and Russia are join forces in fighting crime by signing police co-operation treaties during Russian president Boris Yeltsin's visit to China this week. Background, Page 4

Branson sued: A former public relations manager for Virgin Atlantic Airways, Elizabeth Hinko, has sued the airlines' chief executive Richard Branson for sexual harassment. The suit, filed in Manhattan, also accuses the airline and another executive of discrimination that led to Ms Hinko's dismissal by Virgin last July.

Beijing wants peaceful N-tests: China said it was not yet ready to cease the use of "peaceful" nuclear explosions. At last week's Moscow summit on nuclear safety, Russia for the first time formally backed a global ban on all nuclear tests.

Walt Disney in the red: A \$585m charge to cover taking over ABC/Capital Cities and associated accounting changes helped push entertainment group Walt Disney into a \$25m second quarter loss. Page 19

Keating bows out: Former Australian Labor prime minister Paul Keating resigned from parliament, ending a 27-year political career. His government was easily defeated in March by a conservative coalition.

STOCK MARKET INDICES	
New York Composite	+0.87
Dow Jones Ind. Av.	5,573.41
NASDAQ Composite	+1.02
Europe and Far East	
DAX	+1.18
FTSE 100	+1.27
Nikkei	+16.7
Hong Kong	+2.15
Singapore	+1.01
London	+0.17
Paris	+0.15
Frankfurt	+0.15
Madrid	+0.15
Amsterdam	+0.15
Stockholm	+0.15
Copenhagen	+0.15
Helsinki	+0.15
Sydney	+0.15
Auckland	+0.15
Wellington	+0.15
Osaka	+0.15
Tokyo	+0.15
Seoul	+0.15
Manila	+0.15
Bangkok	+0.15
Colombo	+0.15
Calcutta	+0.15
Mumbai	+0.15
Delhi	+0.15
Jaipur	+0.15
Bombay	+0.15
Chennai	+0.15
Hyderabad	+0.15
Coimbatore	+0.15
Madurai	+0.15
Tiruchirappalli	+0.15
Vellore	+0.15
Chennai	+0.15
Hyderabad	+0.15
Coimbatore	+0.15
Madurai	+0.15
Tiruchirappalli	+0.15
Vellore	+0.15

US LONGTERM RATES	
3-mo Treasury Bill	5.1%
6-mo Treasury Bill	5.1%
1-yr Treasury Note	5.1%
2-yr Treasury Note	5.1%
3-yr Treasury Note	5.1%
5-yr Treasury Note	5.1%
10-yr Treasury Note	5.1%
30-yr Treasury Bond	5.1%

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EU warns Britain over beef ban

By Caroline Southey in Brussels

The European Union's ban on worldwide exports of British beef would not be lifted before measures to control BSE, or mad cow disease, had proved effective, Mr Franz Fischler, the EU Commissioner for agriculture, warned yesterday. But Mr Douglas Hogg, the British agriculture minister, said he believed EU agriculture ministers would support a relaxation of the ban in the light of action already taken by the British government. The ministers are due to meet in Luxembourg on Monday and Tuesday. Mr Hogg said he had not discussed retaliatory measures against the EU over the ban with Mr Fischler, further evidence that the British government is backtracking on a threat to consider such a move.

Restrictions will remain until proof that BSE threat is over

"We were talking about how, together, we can satisfy the council... as to our honest desire to see a serious reduction in the incidence of BSE in the UK herd," he said. While both men described the talks as useful, EU officials warned efforts to resolve the crisis could be derailed by London's attempts to make political capital out of the ban. "The problem is in Whitehall. They can't seem to work out if they can get more votes out of continuation or from ending the crisis," an EU official said. Mr Fischler and Mr Hogg discussed Britain's plans for selective slaughtering to eradicate mad cow disease and its demand that agreement on targeted

slaughtering be linked to an EU pledge that the ban would be lifted. Mr Fischler said Mr Hogg had "explained some ideas concerning a selective slaughtering programme", that he was still waiting for the proposals in writing and hoped the final programme would be submitted by Monday. Mr Hogg declined to confirm reports that the culling programme would involve killing 40,000 cattle, saying he had discussed the general concepts of a selective slaughter policy. "We talked about principles rather than having tight formulations of numbers," he said. Mr Hogg said he hoped steps taken by Britain to ensure beef

safety and reduce BSE would satisfy the Commissioner, the veterinary committee and the council. "The council is likely to support a relaxation of the ban against the background of the steps we have taken to assure human and animal health," Mr Hogg said. These actions "reinforce the proposition that there should be an early relaxation in the ban, moving to a total lifting as rapidly as possible." But Mr Fischler said the Commission had "always seen the question as a relation between cause and effect. That is to say that the measures that have been agreed on in the council have to be in effect and to be monitored. This is the pre-requisite for lifting the ban."

Mr Fischler also said an "expert monitoring group" was in the UK observing measures taken by the government to ensure the safety of beef and to report on Friday. Mr Hogg said he was sure the experts would report back favourably, adding that he hoped to be able to "say things to my colleagues [in Luxembourg] that are very reassuring in terms of the safety of British beef". Mr Hogg said the government was exploring the possibility of exemptions, such as grass-fed herds, from the requirement that cattle over 30-months of age be removed from the food chain. Protesters give away beef, Page 9

Merger plan hits Mexico telecoms monopoly

By Leslie Crawford and Daniel Dombey in Mexico City

A powerful merger in Mexico's telecommunications industry yesterday upset the share price of Telefonos de Mexico (Telcel), the monopoly which will face a barrage of competition when the country's lucrative long-distance telecoms market opens next January.

AT&T of the US and Alfa, one of Mexico's largest industrial conglomerates, on Monday announced they were joining forces with GTE of the US, Telefonos de Spain and Bancomer, Mexico's second-largest bank, to compete with Telcel in long-distance telephony. Before the alliance was announced, each group had been planning investments of \$1bn to provide rival services. Telcel shares, which dominate trading on the Mexico City stock exchange, were down 2.19 per cent in mid-session despite acceptable first-quarter results.

The new alliance, named Alestra, was hailed as the beginning of a shake-out in Mexico's 57bn telecoms industry. Seven groups applied for licences to provide long-distance services when the liberalisation of the telecoms sector was announced last year, but all of them are struggling to raise the large sums of capital required to launch their ventures. Only Avantel - an alliance between MCI of the US and Banamex, Mexico's largest bank - has started digging trenches to lay down its fibre-optic network between Mexico's largest cities. Both Telcel and stock market analysts yesterday welcomed the consolidation of the industry. Mr Jaime Chico Pardo, Telcel's chief executive, said: "The recent merger of two of our competitors is probably good for the market. We prefer fewer and stronger competitors to more and weaker players in the market." Mr Ricardo Pein, director of research at ING Barings in Mexico City, said the Alestra alliance, which whittled down competition to two serious

Continued on Page 14 Seeking second wind, Page 18 Telcel slides 25.3%, Page 19

Assad 'not available' to meet Christopher in Damascus



US secretary of state Warren Christopher (left) arrives yesterday in Damascus where he was snubbed by Syrian president Hafez al-Assad. On the right is Syria's foreign minister Farouq ash-Shara'a. PHOTOS: FRANCE PRESSE

Syria snubs US efforts over Lebanon ceasefire

By David Gardner in Beirut and Julian Ozanne in Jerusalem

US efforts to secure a ceasefire in south Lebanon between Israeli and pro-Iranian Hizbollah guerrillas suffered a setback last night, after President Hafez al-Assad of Syria, the main military power in Lebanon, snubbed Mr Warren Christopher, US secretary of state. Before he left Jerusalem for Damascus for what was to have been his third meeting with Mr Assad since Saturday, Mr Christopher said his mediation had entered "a very intense period". But he was seen only by Syrian foreign minister Farouq ash-Shara'a on his return to Damascus, and was told that the Syrian president was not available. Israel, meanwhile, continued its bombing and shelling of Lebanese guerrillas returned fire with their ineffectual Katyusha rockets. In one attack early yesterday, Israeli jets destroyed a residential area in the south-east of the port of Tyre, removing another piece of the infrastructure that Lebanon has struggled to replace after the devastation of its 1975-90 civil war and Israel's 1982-86 invasion. Israeli warships continued to pound the coastal highway near Sidon, cutting the artery linking south Lebanon to Beirut and preventing food and medicine from reaching tens of thousands of refugees driven north by the bombardment. But as the conflict entered its 13th day, UN forces in the south said the ferocity of the cross-

border firing was at about half the level of last week, with Israel mounting 25 air raids in the 24 hours after 6am on Monday, and firing 1,400 shells, and Hizbollah responding with 90 Katyushas. Mr Christopher was moving between Jerusalem and Damascus in an attempt to get agreement on a formula for a ceasefire and "written understandings to prevent this kind of fighting in future", Mr Nicholas Burns, state department spokesman, said. But the snub, and Mr Christopher's return to Jerusalem last night appeared to rule out any early breakthrough. Washington had initially wanted not only a return to a 1983 understanding, brokered by Mr Christopher, whereby Israel and Hizbollah would refrain from targeting civilians, but a deal whereby guerrilla attacks on Israeli forces inside the south Lebanon "security zone" occupied by Israel would cease. The US intention is to "prevent hostilities on either side of the Lebanon-Israeli border", Mr Burns said yesterday. This skirts the question of where the border is, because of a 14-year Israeli occupation which Syria, Lebanon, and Hizbollah's

financier Iran, insist the Islamist guerrillas are entitled to resist. Lebanon, moreover, whose prime minister Mr Rafik al-Hariri has been in intense negotiations with Mr Assad in the past 48 hours, is determined that the issue of the Israeli occupation should be part of any new understanding with Israel. France, whose foreign minister Mr Hervé de Charette started mediation efforts before the US, had argued for a more codified version of the 1983 undertakings. However, according to the Israeli daily newspaper Haaretz, Mr de Charette has now also suggested a deal to commit Israel, Syria and Lebanon to resume talks on a permanent peace, with a phased withdrawal of Israeli forces from south Lebanon to be replaced by a mixed multinational force and the Lebanese army. The US, with Israeli backing, has insisted that it is the only power capable of securing a deal, while refusing to talk to Hizbollah or Iran. Mr Christopher's difficulty is that Syria, Lebanon, Iran and Hizbollah all lean towards the French formula, and Mr Assad seemed to be underlining that last night.

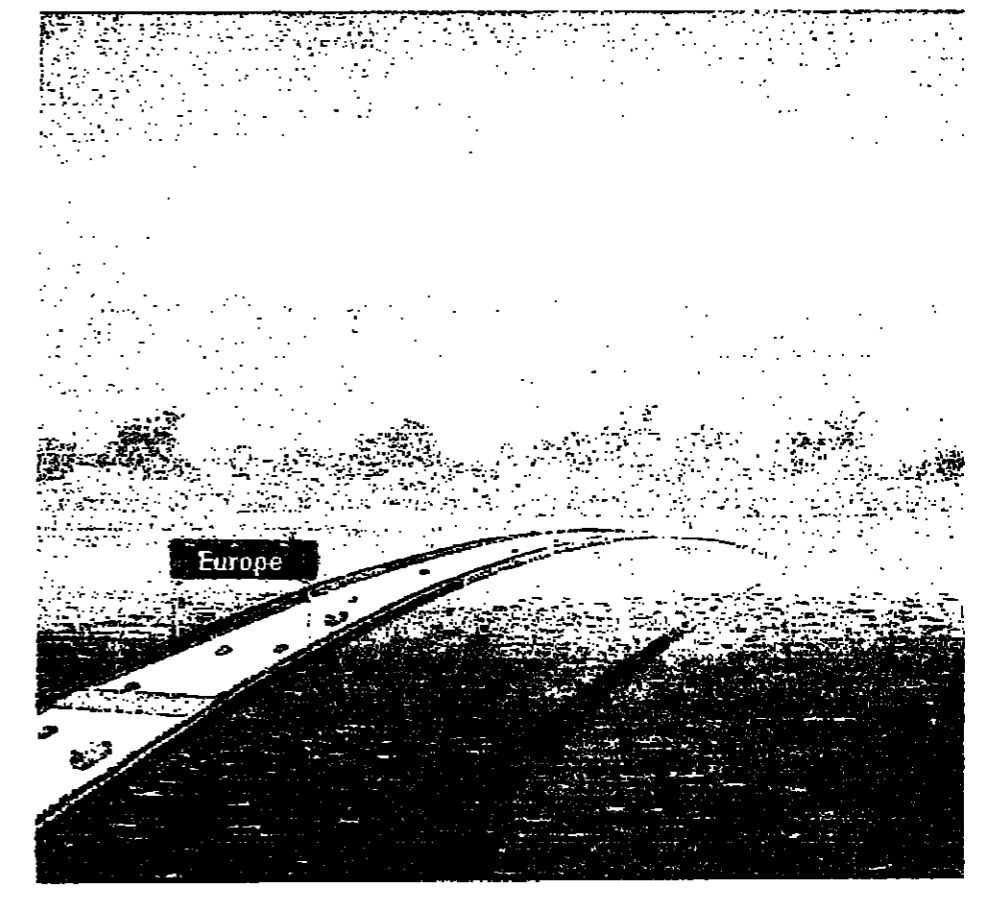
Swiss banks agree to search for Holocaust victims' funds

By Jurek Martin in Washington

The Swiss banking industry, legendary for its secrecy, has bowed to pressure from world Jewish organisations to establish a joint independent commission to search for funds of Holocaust victims that may have lain dormant for over half a century. But sharp differences emerged at a US Senate banking committee hearing yesterday over the amounts involved. Mr Hans Baer, a senior Swiss banker, said that only \$78.7m (\$31.4m) had been positively identified so far, while Mr Edgar Bronfman, president of the World Jewish Congress, suggested "several billion may be closer to the truth". The Swiss authorities also came in for some sharp, if technical, criticism from the Clinton administration for their lack of willingness to delve into their country's bank vaults. Mr Stuart Eizenstat, deputy secretary of commerce, said the

US had expressed official concern over the \$7,900 fee charged for account searches and was unimpressed with what he implied was Swiss equivocation over what exactly constituted a "bank" in the war years. Congress also warned it was willing to become involved. Mr Ben Gilman, chairman of the House international relations committee, said: "The full co-operation of the Swiss government and all its financial institutions must be obtained, so that a full and impartial accounting, by a neutral non-Swiss third party, can be realised at the earliest opportunity." Mr Baer, chairman of Bank Julius Baer and a member of the executive board of the Swiss Bankers Association, conceded: "We are concerned that recent media coverage has tended to portray Swiss banks as resistant to identifying and dealing with the funds of Jewish people under threat of Nazi persecution that

were deposited in our institutions before and during world war two." Last September, the banks opened an office to deal with inquiries but Jewish organisations continued to demand an independent investigation. Mr Baer, who is also patriarch of Zurich's most prominent Jewish family, said the proposed commission would be made up "of distinguished individuals whose experience and integrity are well known". Half its members would be nominated by the Swiss Bankers Association and half by the World Jewish Restitution Organisation, with "an internationally recognised independent accounting firm" and other "experts" also to be recruited. This was welcomed diplomatically by Mr Eizenstat as "a positive step", but less enthusiastically by Mr Bronfman who said the Swiss bankers could not be allowed to appoint the auditors.



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four-year high

WestLB

Three party leaders and former speaker fail to win seats in new legislature

Prominent heads roll in Italian vote

By Robert Graham in Rome

Many notable figures failed to find a seat in Italy's general election on Sunday. When the final results were published yesterday, it emerged that three party leaders, a former speaker of the chamber of deputies and two ex-spokesmen for Mr Silvio Berlusconi, the Forza Italia leader, were not in the country's 13th postwar legislature.

Reconstructed Communism, (RC) formed from the old Communist hardline, improved its 1994 performance, scoring as high as 12 per cent in Umbria but also doing well at the expense of the PDS in the south.

In the 1994 election a group of former democrats, including the PFI, stood alone in the centre and picked up just over 15 per cent of that vote. This time, party splits and the formation of Italian Renewal by the caretaker premier Mr Lamberto Dini saw this vote distributed unevenly. The bulk of this group's slightly larger share of the vote (11 per cent) went to the centre-left, while just under 6 per cent went to the Freedoms Alliance.

On the right, Forza Italia held up well, averaging 20.6 per cent nationwide - less than one point down on 1994. Its most impressive performance was in Sicily with as much as 39 per cent of the vote in some constituencies.

The week last week few thought the party would now exist as a serious parliamentary force except in its own self-styled "Parliament of the North" in Mantua. In fact, the abrasive Mr Bossi's decision to run alone against the right and the centre-left won the League 59 seats in the lower house of parliament, and 27 in the Senate.

The poll has strengthened the League's position in the north. In Lombardy the party received a quarter of the votes cast,



Mr Umberto Bossi's League has done better in the election than it had dared hope, strengthening its position in the north. Although it will not hold the balance of power, its support is likely to be sought by the government on some issues

Northerners smile on League decision to cast off alone

By Andrew Hill in Milan

Mr Umberto Bossi, leader of Italy's federalist Northern League, has made a show of being grumpily disappointed about the outcome of Sunday's elections, but the smiles of his close supporters have betrayed him: the League has done better than it dared hope.

The result shows that many northern voters are unhappy that little has been done in the last two years to end bureaucratic inefficiency or lighten the fiscal and administrative burden on small and medium-sized companies.

The success of the Olive Tree means the League does not hold the balance of power in parliament, as perhaps Mr Bossi had hoped. But Mr Romano Prodi, leader of the centre-left, confirmed yesterday that on certain questions the new government may turn to the League for support.

In the rich north-east nearly a third. The League calls for an independent Padania - a new distinct region in the Italian north - but it also campaigned on more mundane issues.

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The advantage of having the free-market League as an occasional parliamentary ally is that the party is enthusiastic about issues such as privatisation, or adherence to the criteria for European monetary union, where the centre-left's Marxist electoral allies are lukewarm. The disadvantage is that Mr Bossi is a volatile partner, as he proved in 1994 when the League's withdrawal from the Berlusconi coalition brought down the government. His grumpy rhetoric can be extremely provocative in yesterday's *Indipendente*, the pro-League daily newspaper, he claimed the north had a choice between becoming "slaves of Rome, or finally freeing ourselves and pushing the colonisers back to the sea, as far as the Belgian Congo".

Mr Massimo Cacciari, mayor of Venice and one of the left's leading intellectuals, yesterday urged the new government to open dialogue with the League as soon as possible on the central issue of regional autonomy. "The Olive Tree must make its [federal] proposal, and on this basis begin a positive dialogue with Bossi's people. Then it will be up to the League to choose whether to vote for individual measures or remain in opposition," Mr Cacciari told *Corriere della Sera*, the Milan-based daily newspaper.

Even with the centre-left cautiously pressing for a dialogue, there is still a risk that Mr Bossi could push his luck too far. If he maintains the rival Mantua parliament, for example, or steps up the challenge to Roman political dominance with a campaign of "tax resistance", then the possibility of limited co-operation with the new government could evaporate.

German welfare system sinks under its weight

Mark Suzman reports on the options for reform

Last night Chancellor Helmut Kohl set down in private with German employers and union leaders to try to hammer out a compromise on planned budget cuts.

While the immediate focus of their discussion was reducing the budget deficit, at the heart of the debate is the more serious question of whether the country's welfare system - based on the social insurance model founded over a century ago by Bismarck - is sustainable.

Traditionally built around four "pillars" of unemployment, health and pensions (a fifth, to cover long-term care for the elderly, was established last year), Germany's welfare state is funded directly by payroll contributions. These go into a wide range of dedicated insurance funds jointly administered by employees and employers which then distribute benefits. Today's contributions go out almost immediately to yesterday's workers and other recipients.

The system has worked for decades and many attribute the country's stellar record in industrial relations to it. In recent years, however, the steep costs of bringing uninsured east Germans into the insurance net after reunification have combined with a long-term growth in health spending and the demographics of an ageing population to push the funds into deficit.

Making matters worse is unemployment, now more than 4m and still rising. The Achilles heel in the German model is the fact that not only do those without jobs draw income from the unemployment fund, but if uninsured, welfare from the state), but they are also not contributing to the other ones.

The result has been a steady rise in contributions, which are paid equally by employer and employee. These now consume an unprecedented 40.8 per cent of the total wage bill, with pensions and healthcare, at 19.2 per cent and 13.4 per cent respectively, making up the bulk. On current trends, both are set to rise further.

Some analysts say the only solution is a root and branch replacement of the existing system with private provision, particularly for health and pensions.

But for the vast majority of Germans, quite apart from the massive transition costs this would require, the existing social insurance system is not just a useful financial cushion but part of the country's post-war national identity.

"There are many problems, but the existing system still has the overwhelming support of the German people," insists Mr Peter Bank, head of planning at the department of health and social affairs in Berlin. "I don't know exactly how they will do it, but the state is obliged to find a solution."

In seeking to meet that obligation, the government has already instituted a series of reforms on both pensions and health, including providing for a staggered rise in the retirement age from 65 and allowing the country's health insurance funds to compete for members, thereby putting downward pressure on medical costs.

Chernobyl forest fires pose high N-threat

By Frances Williams in Geneva

The accident at the Chernobyl nuclear plant in Ukraine has transformed vast areas of surrounding forest into a "radioactive powder-keg", the United Nations Economic Commission for Europe warned yesterday.

In a serious fire in the contaminated forests - which cover an area bigger than Switzerland - "radioactive ash and fumes can be blown hundreds or even thousands of kilometres in a strong wind", says the ECE. A recent blaze threw 350 tons of radioactive ash into the atmosphere.

The number of fires in the contaminated forests in Ukraine, Belarus and Russia has risen to record levels because the forests are too dangerous to enter and manage, the ECE says in a report to coincide with the 10th anniversary of the Chernobyl disaster on Friday.

There are an average 2,200 fires a year in the contaminated forests, compared with 1,800 before the Chernobyl accident. Several hundred thousand people have been contaminated by radioactive ash and fumes.

The UN body is urging immediate action by the international community to avoid another nuclear disaster, which, it says, could be prevented by inexpensive measures. These include protective clothing, vehicles, saws, instruments to measure radioactivity and robots to work in the most dangerous areas.

The ECE also calls for the use of satellites to detect fires at an early stage.

Some observers fear that political considerations may yet stall such moves. The opposition Social Democrats, who control the second chamber of the federal legislature, are currently backing the unions' vocal opposition to any cuts.

And as Mr Hans Jakob, an economist at the DG Bank, points out, even if compromise is reached, it may not go far enough. "Our real problem is not a lack of solutions. Everyone knows that what we need is to cut benefits and start shifting some of the costs of welfare from the state to a private system. It is a crisis of political management."

EU companies warned against defensive stance

By Neil Buckley in Brussels

European companies must not retreat into defensiveness and aggressive cost-cutting at the expense of innovation if Europe is to compete with emerging economies such as the Asia-Pacific region, EU policy-makers are to be warned.

Radical changes in attitudes and business processes to avoid further European business failures are called for in a report by management consultants Arthur D Little presented to MEPs last night.

"Too many European businesses are responding to competition from lower-cost operators in other regions by drawing in their horns and adopting defensive strategies, instead of pursuing innovation and new opportunities, the report says.

"European companies have been completely intimidated by cost pressures, although they will never really get down to the cost levels of eastern Europe or Asia-Pacific," said Mr Tom Sommerlatte, managing director of Arthur D Little Europe. "So they are failing to exploit the opportunities for new, intelligent products, services and technologies. What is amazing is that company executives are saying this themselves."

The report says over-emphasis on costs is often coupled with "insufficient attention to building on inherent strengths of European companies: their technology resources and their people".

European companies have fallen behind in technology-based growth sectors such as IT, microelectronics and biotechnology, not because of weaknesses in the technologies, but because of "poor conversion of technologies into attractive new products and services".

Another reason for this failure to share corporate knowledge, the report warns that European businesses are "excessively functionally- and hierarchy-oriented", producing a divisive, "silo" mentality between different functions such as R&D, engineering and marketing. Lack of "team attitude" can be evident right up to board level.

A "learning culture" needs to be fostered through teams bringing together members from all parts of a business. On the broader business environment, the report urges European institutions to continue efforts to deregulate and liberalise industries, and break down monopolies.

Restructuring of European industries across national boundaries and the creation of truly pan-European businesses is essential, Arthur D Little says. In that way, companies can exploit the biggest potential advantage of European businesses: multicultural staff and leadership.

"Companies with multicultural leadership can benefit from all the different inputs," said Mr Sommerlatte. "The British, for example, may be more inventive; the Germans more practical. Harnessing the strong points of each nationality could create a major competitive advantage."

EUROPEAN NEWS DIGEST

Spain ducks cut in interest rates

The Bank of Spain yesterday held off making a further cut in official interest rates, amid uncertainty over the formation of a new centre-right government. Most analysts were predicting at least a quarter-point reduction after last week's move by Germany's Bundesbank, but the central bank kept its rate at 7.75 per cent. Its decision, which followed a surprise half-point cut three weeks ago, signalled caution over prospects for a further fall in inflation this month, as well as over the political situation.

Negotiations on a parliamentary pact between the centre-right Popular party and Catalan nationalists following the March 3 election have taken longer than expected, and it remains unclear when a new administration will be sworn in. Analysts said Spain still had room to cut interest rates, which have already come down by 1.5 points since mid-December. Meanwhile, Spanish exporters are becoming concerned about the peseta's relatively high exchange rate, after trade figures for February showed a deficit 33.5 per cent higher than the same month last year.

Russia tightens banking rules

The Russian central bank yesterday announced plans to stiffen capital requirements for new banks, in an effort to strengthen the country's frail financial sector and protect Russian savers. Mr Alexander Turbanov, deputy head of the bank, said the central bank would raise the charter capital requirement for new banks from Rb50m (\$1.2m) to Rb125m (\$2.4m) from May 8. New banks would have to operate for two years and have no outstanding debts to the government before being licensed to take retail deposits.

The move is part of the central bank's broader effort to weed out weak commercial banks and avert the wider crisis which many analysts predict could hit Russia's under-capitalised banking sector this year. Mr Turbanov said that last year the central bank withdrew licences from 225 commercial banks, and had revoked another 28 licences so far this year. Licensing its licence usually leads to a bank's closure.

Czech regional bank is rescued

The Czech National Bank has forced a troubled regional bank into administration after it ran up potential loan losses exceeding its capital base of Kc500m, threatening it with collapse. The central bank said it would provide a bridging loan to Coop Banka, based in the eastern city of Brno, to allow it to continue trading normally while its balance sheet was sorted out and new investors sought. The CNB has also requisitioned Kc480m of Coop Banka's capital to bolster the bank's loan loss provisions. It is said to have deposits of Kc3.3bn and a loan portfolio of Kc4.3bn.

The move is in line with a new tough policy by the central bank to deal with troubled small banks. Coop Banka is the sixth bank either to collapse or require a bail-out by the CNB since 1990.

Prague MPs settle dispute

The Czech parliament yesterday agreed a shortened agenda for the final session before a general election at the end of May, ending a dispute that suspended parliamentary business last week. The compromise agenda includes proposals on capital markets regulation seen as crucial to the credibility of the Prague stock exchange, but omits cuts in corporate and personal taxes being promoted by the government.

The dispute came after deputies protested at the prospect of all-night sessions to debate over 150 items, and wanted the agenda cut to allow them to concentrate on campaigning. Investors and stockbrokers regard the capital markets proposals as vital to the transparency and proper functioning of the capital markets, which are plagued by insider dealing at a time of increased activity. The proposals, which are expected to be approved, offer greater protection for minority investors, new rules on company takeovers, and broader disclosure requirements.

France loses 'racist juror' case

The European Court of Human Rights yesterday ordered France to pay damages to a French defendant of Algerian origin who was sentenced despite a racist remark by a juror. The court said France must pay the FF760,000 (\$11,685) legal costs incurred by Mr Said Remli, who was jailed for life in 1989 for injuring a prison guard during a failed escape attempt.

A majority of the European judges ruled the trial did not respect impartiality criteria set by the European convention on human rights, because the French court had failed to order an investigation into the alleged racism.

The French court threw out a request by defence lawyers that it take account of a racist comment by a juror. The European court found, however, it had no power to order a re-trial and rejected Mr Remli's plea for FF1m compensation.

French doctors to stage protest

Three French doctors' unions are to hold industrial action today to protest at the government's proposed health care reforms. The unions called on their members either not to go to work or to offer their services to patients as normal without charging. The strike comes as the French cabinet discusses three measures as part of proposed social security reforms announced last November. The measures cover hospital reform, medicine in urban areas, and the management of the social security system. The unions attacked the reforms as a move towards "rationing", although MG-France, the largest union representing general practitioners, has endorsed the reforms.

The debate comes at a time when France's social security deficit for 1996 is likely to exceed forecasts substantially. Mr Jacques Barrot, social affairs minister, pictured left, said this week it could reach more than FF730bn (\$8.5bn) against the FF170bn originally discussed.

Swedish journalists in pay strike

More than 2,000 Swedish newspaper journalists went on strike yesterday after pay talks broke down. Their action affected 25 newspapers across the country, including Dagens Nyheter, the nation's biggest-selling broadsheet daily. Another 100 newspapers - most of those published in Sweden - will be hit next week. In common with many industries, pay guidelines in newspapers in Sweden are set in centralised negotiations between the employers and, in this case, the Swedish Journalists' Association. The association rejected an offer of 3.1 per cent pay rise this year and 2.8 per cent in 1997. The employers were prepared to accept a compromise suggested by the state mediation service, but this was turned down by the journalists. The senior editorial staff of many newspapers said they would work to continue publication.

Ministers find their measures

European Union consumer affairs ministers agreed yesterday shops should display the cost of a product per kilo, litre, metre, square metre or cubic metre, and not just the price of a specialised will be exempt to avoid imposing too large a burden on small businesses. The new law still has to be formalised, and will only be fully introduced after two years.

Superfast hauls Greek athletes aboard

By Kerin Hope in Athens

Superfast Ferries, a leading Greek passenger shipping company, has offered to pay an income and travel expenses to seven athletes in training for this summer's Olympic Games in Atlanta.

Company officials said the Greek track-and-field athletes' prospects for winning a medal were bright enough to justify endorsement, while lingering resentment about the choice of Atlanta over Athens for the centennial modern Olympics appears to be fading.

The group includes Voula Patoulidou, the first Greek in the Games' modern era to win a track-and-field gold medal with a victory in the 110m hurdles at Barcelona in 1992.

Mr Dimitris Adripontelis, Superfast's marketing director, said the company had signed 18-month agreements with athletes "who we think have good medal prospects both in Atlanta and at next year's world track-and-field championships in Athens".

The company is also sponsoring a Bulgarian athletics coach, George Pomaski, who is credited with bringing Greek long, high- and triple-jumpers up to international standard.

In team sports such as soccer and basketball, formal sponsorship deals with Greek companies have already replaced unofficial arrangements with individual Greek shipowners who paid for first-division clubs to acquire foreign players and also covered operating losses.

Thanks to sponsorship, Panathinaikos, which last month won the European basketball championship, is one of half-a-dozen Greek clubs that can afford top-ranked US players, according to officials at the Yiannacopoulos group, a Greek pharmaceuticals company which has a controlling stake in the club.

Superfast decided to sponsor individual track-and-field athletes because "classical athletes were being ignored even though they have a very positive image and they really need the money", Mr Adripontelis said.

Of the sponsored athletes, only Ms Patoulidou has a regular income as a junior officer in the navy, where Greek Olympic medalists are traditionally offered a commission.

Whatever their chances in Atlanta, the seven Greek athletes will become better known ahead of the Games by appearing in a 30-minute film to be shown daily this summer on Superfast's ferries.

Superfast overtook other Greek passenger operators during its first year in business, capturing 40 per cent of tourist and truck traffic in 1995 on the Adriatic crossing between Patras and Ancona, the most competitive route between Greece and Italy.

سكوا من الأصل

صدا من الامم

Nato drops plan to cut Bosnia force

By Bruce Clark in Brussels

Nato commanders said yesterday they had dropped their plan to start pulling out of Bosnia in June, and would maintain their current force of about 60,000 men until at least September.

But defence chiefs from the 16-nation bloc, meeting at Nato headquarters in Belgium, insisted that it was premature to discuss the possibility of keeping a western military presence in Bosnia beyond 1998.

The main reason for retaining the mission's full strength through the summer was to ensure stability until Bosnia-wide elections that must take place by September, said Gen John Shalikashvili, the US armed forces chief.

"It was felt very strongly that at the time of these elections, we need all the troops," he told a news conference. General Jean-Philippe Douin, the French armed forces chief, said the duration of the western military effort would depend on the success or failure of the poll.

The elections are supposed to create Bosnia-wide institutions, embracing all ethnic groups. But western politicians are beginning to admit that there is little sign of a lasting improvement in inter-communal relations.

Mr Malcolm Rifkind, UK foreign secretary, last week said there had been "very little progress" towards reconciliation: the Moslem-led government was barely communicating with the Serbs, and Croat-Moslem tension remained high.

General Douin yesterday said Nato faced a "very complex" problem in ensuring security and freedom of movement throughout Bosnia between now and September - the period known in Nato's jargon as phase four. "We have to succeed with phase four, because that will determine whether there is a withdrawal or not," he said.

The French general's presence at the meeting reflected France's decision last December to move closer to the military wing of Nato, which it abandoned in 1966.

President Bill Clinton has given US voters a firm promise that the 20,000-strong US component of Nato's Implementation Force (Ifor) will have withdrawn by December. European governments are reluctant to stay in Bosnia without the Americans.

However, military experts believe that if it remains at full strength until early autumn, Ifor may not have enough time to extract all its armour by the end of the year. As long as Nato armour remains in Bosnia, some troops will have to guard it.

While it still looks likely that Ifor's formal existence will be terminated in December, Nato planners are believed to be considering options for a western military or even police presence to continue under some other aegis.

Whatever happens on the ground, alliance commanders will probably argue for continued surveillance of the region by western ships and aircraft - to watch for any military manoeuvres in breach of the Dayton agreement.

Troubled debut for Turkey's reluctant coalition

New premier Mesut Yilmaz is facing difficulties on Kurdish and other fronts, reports John Barham

There is a tradition in Turkey for incoming governments to promise to end the country's Kurdish insurgency. The new conservative coalition of Mr Mesut Yilmaz, which took office in March, is no exception.

Officials say a package containing radical initiatives to stop the conflict, in which more than 20,000 civilians, guerrillas and soldiers have died since 1984, will soon be ready. The package would allow broadcasting and education in Kurdish, would lift emergency rule in the predominantly Kurdish south-east and would strengthen local government there.

These are daring proposals in a country where until recently it was a crime to speak Kurdish and where it is still considered an act of terrorism even to discuss autonomy or federation for Turkey's 15m Kurds.

However, it is also traditional for new governments' peace plans to quietly wither while the armed forces continue their war against guerrillas of the Kurdistan Workers party (PKK). Mr Yilmaz had planned to hold a cabinet session in Diyarbakir, regional capital of the south-east, today during which he would announce the long-awaited package. However, the meeting has been quietly postponed.

Instead, security forces have launched their ritual spring offensive against the PKK. Three weeks ago troops began attacking PKK mountain camps, killing hundreds of suspected rebels. Every year command-



Yilmaz: daring proposals quietly dropped



Ciller: feuding with government partner

ers promise a "final offensive" to eliminate the PKK once and for all. Yet every year, the guerrillas emerge from winter refuges and the fighting continues.

Mr Yilmaz is also having trouble holding his coalition together. Many Turks hoped the new government, an alliance between his Motherland party and the True Path party of his rival Mrs Tansu Ciller, would usher in a period of reform by co-operating, instead of opposing each other.

Yet their fractious coalition has yet to produce effective policies, even though they share the same pro-western, free market and secular values. As well as sharing out senior

appointments, both parties have veto powers over policy. The two leaders are to rotate the premiership: Mr Yilmaz holds power until December, when Mrs Ciller takes over for two years, followed by Mr Yilmaz again for another year. A True Path politician other than Mrs Ciller is to lead the government in its final fifth year.

To complicate matters further, the coalition is 15 seats short of a majority in parliament. The government's only major initiative, an offer a month ago to hold unconditional talks with Greece to end their decades-old dispute, has made little progress. Athens says Mr Yilmaz's proposals are insufficient.

Relations are so bad that a minor incident on Monday in which a Greek coastguard vessel fired on a Turkish fishing boat sparked off a diplomatic row. Greece and Turkey, both Nato members, almost started fighting over two uninhabited Aegean islets in January.

Meanwhile, feuding between the True Path and Motherland continues to weaken the government. Mr Yilmaz has refused Mrs Ciller support in a parliamentary vote today on demands by the Islamist opposition Refah party to begin anti-corruption investigations into her 1993-95 government.

And the parties still cannot decide who should control economic policy.

Motherland and big business want Mr Risdin Saracoğlu, a minister of state and respected former central banker, to be in charge. Mrs Ciller wants her protégé Mr Üfuk Söylemez, another minister of state but one who commands scant support outside her circle, to have the job.

Motherland had promised a "realistic" 1996 budget with credible inflation and deficit estimates, but Mr Yilmaz finally accepted a compromise concoction that convinced almost nobody. The budget, approved on Monday, allows for a deficit of \$11.7bn, equivalent to a quarter of planned expenditure. A more realistic deficit forecast, bankers say, would be closer to \$16bn.

A team from the International Monetary Fund is due in Ankara next month for talks on a new standby loan to replace the \$960m package that unravelled last year. But the opposition, led by Refah, the largest party in parliament, promises to block tough austerity policies and structural reforms.

Although economists believe the economy will improve during the summer, when inflation traditionally falls and export and tourism earnings rise, they warn that Mr Yilmaz must start reforms before the autumn or risk losing control of the economy. It would be depressing if Mr Yilmaz followed Mrs Ciller's strategy of retaining political support by escalating the popular military campaign in the south-east while avoiding harsh economic reforms.

SPD pressed on telecom reform

By Michael Lindemann in Bonn

Mr Wolfgang Bötsch, the German minister for post and telecomm, yesterday warned that passage of a new law to regulate Europe's largest telecoms market after liberalisation in 1998 may be delayed beyond July unless the opposition Social Democratic party (SPD) is prepared to give way on certain key issues.

Presenting the government's response to changes proposed last month by the Bundesrat, the upper chamber of parliament which is controlled by the SPD, Mr Bötsch said several important events depended on prompt passage of the law.

These include the partial privatisation of Deutsche Telekom, Germany's largest stock exchange listing, in November and the July liberalisation of telecoms networks owned by leading companies planning to compete with Deutsche Telekom, a measure being pushed by the European Commission.

"I am beginning to worry that by making impossible demands [the Bundesrat] may delay passage of the law," Mr Bötsch said. "That would have terrible consequences."

The minister insisted that the government would not permit municipalities to charge for the carriage of telecoms services across their gas and electricity networks which the Bundesrat, the chamber repre-

senting the 16 German Länder, last month voted to approve.

A further sticking point, on which Mr Bötsch indicated some movement, is the future regulatory authority. The Bundesrat had proposed an authority including Länder representatives but the minister suggested he would be prepared only to allow the states some say in the appointment of a staff which he insisted must be "professional" and not "political".

Mr Bötsch's concerns have been heightened by the fact that the government and the SPD agreed in December to present jointly the new law to parliament, a pact which was supposed to accelerate passage of the law.

The minister said yesterday he hoped Mr Hans Martin Bury, the SPD deputy who conducted negotiations on behalf of his party, could make the agreement stick against resistance which, Mr Bötsch said, appeared to be growing among members of the SPD's parliamentary parties. Mr Bury said he could not comment on the government's position because he had not studied Mr Bötsch's latest comments.

Pressure is being put on SPD deputies by the municipalities, traditional SPD constituents, which want to ensure that they can charge for the carriage of telecoms services across their networks, the minister said.

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PUBLIC NOTICES

SCOTTISH EQUITABLE POLICYHOLDERS TRUST LIMITED

NOTICE IS HEREBY GIVEN that the third ANNUAL GENERAL MEETING of Qualifying Policyholders of Scottish Equitable Policyholders Trust Limited will be held at the offices of Scottish Equitable plc, 17 Lothian Crescent, Edinburgh Park, Edinburgh EH12 on Tuesday 21 May 1996 at 2.15 pm for the following purposes:

- To consider the Report on the activities of the Company for the year ended 31 December 1995.
- To approve the aggregate ordinary remuneration to be made available to the Directors of the Company.
- To reappoint Directors of the Company retiring by rotation at the Meeting, namely:
 - (a) Maxwell C B Ward
 - (b) Paul H Green
 - (c) David A Berridge.

Any Qualifying Policyholder who is entitled to attend and vote is entitled to appoint another person (who need not be a Qualifying Policyholder) as his proxy to attend and vote instead of him. A proxy is entitled to vote but is not entitled to speak except to demand or join in demanding a poll. Proxy forms, which can be obtained from the Company Secretary at the following address, must be deposited at 28 St Andrew Square, Edinburgh EH2 1YF before 2.15 pm on 19 May 1996.

Every Qualifying Policyholder whose policy, as at the commencement of the Meeting, is in force, and has been at least one year in force, is entitled to attend and vote at the Meeting. "Qualifying Policyholders" for the purposes of this Notice has the meaning set out in the trust deed executed by the Company on 31 December 1993 and extends to:

- any person who was a member of Scottish Equitable Life Assurance Society and whose policy has been transferred to Scottish Equitable plc;
- any person who has a with profits policy with Scottish Equitable plc where the policy has been linked to the With Profits Sub-Fund for a continuous period of at least one year as at the commencement of the Meeting.

Any queries in respect of the qualification of policyholders to attend and vote at the Meeting should be addressed to the Company Secretary (at the address specified below).

28 St Andrew Square
Edinburgh EH2 1YF

By Order of the Board
PH Green
Managing Director

Trial to reveal as much about Japan as Aum

By William Dawkins in Tokyo

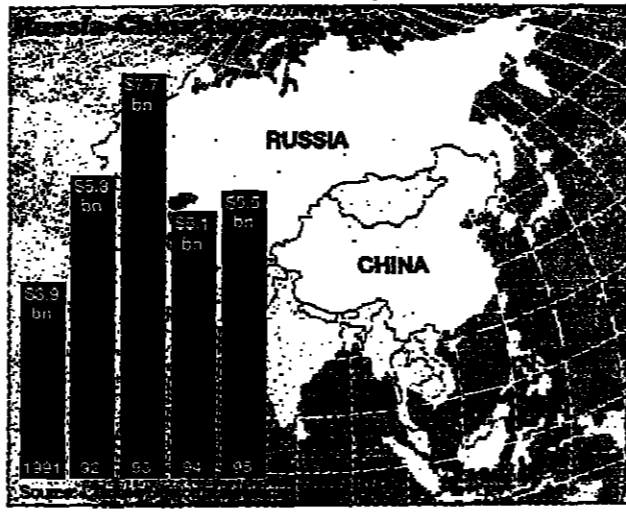
For many Japanese, the nature of their society goes on trial alongside Mr Shoko Asahara, the dysfunctional guru who this morning appears in court to face murder charges over his alleged masterminding of last year's lethal gas attack on the Tokyo subway.

and daughters of senior executives in top companies, with degrees from the best universities. Debate about Aum during the past year has centred on two questions. Why did so many children reject their parents' drive for collective economic power in favour of a stranger idol? And why were the police, media and others so passive for so long? Mr Hotaka Katahira, a professor at Tokyo University, is one of many senior educators who believe an educational system which teaches pupils to absorb rather than question is to blame for failing to offer a more stimulating alternative.

Yeltsin set to capitalise on Sino-US strains

Beijing and Moscow have much riding on this week's visit by the Russian president, writes Tony Walker

Mr Boris Yeltsin, Russia's president, is likely to receive an effusive welcome in Beijing this week and for that he can probably thank present difficulties in Sino-US relations. China is giving every indication it plans to use the Yeltsin visit which begins today to emphasise that while its relationship with the world's remaining superpower may be awkward, ties with Russia are relatively trouble-free.



Underpinning Sino-Russian trade are defence contracts. China contracted to purchase 26 Su27 fighters in 1992, and is reported to have ordered an additional squadron last year at a cost of about \$2.5bn, but details of the extent of defence co-operation are sketchy.

Moscow views closer relations with Beijing as a counter to Nato's eastward plans. General Pavel Grachev, Russia's defence minister, said last November after a review of Russia's strategic priorities that "if Nato looks east, then we will also look east and find allies with whom we can solve security problems".

Border questions have provided the one slightly discordant note on the eve of Mr Yeltsin's visit. Mr Yevgeny Nazdratenko, governor of Russia's far eastern Primorsky region, has denounced demarcation of the eastern border as "unjust" under a 1991 treaty. Mr Yeltsin has dismissed Mr Nazdratenko's objections as a minority view.

Beijing may wish to emphasise its "good neighbourly" relations with Russia, but there is no indication of any interest in defence links beyond ensuring calm along the 4,300km Sino-Russian frontier and access to military hardware. China's main preoccupation is commercial. One concern is its trade deficit with Russia, of \$2.15bn last year compared with \$1.9bn the year before.

Among impediments to increased commercial ties is the absence of a network of Russian banks in China and Chinese banks in Russia. This was less important in the days when the vast bulk of trade was transacted on a barter basis by state corporations through a common clearing account. Now, however, most transactions are cash.

Only one Russian bank has a branch in China - the Bank of Foreign Trade of the Russian Federation - but others are on the way, including Russian Credit Bank. It will take time, however, for them to become established. Other problems cited by Russian officials include the low level of trust between Chinese and Russian businessmen, lack of a satisfactory framework for arbitrating disputes, and a prevalence of shoddy goods from both sides.

Mr Asahara, leader of the mystical sect Aum Shinrikyo, will face 17 counts of murder and attempted murder, for which the penalty is death by hanging. But the most striking part of the extraordinary history of his Aum cult is the wave of self-questioning it has inspired in Japan, likely to intensify as evidence unfolds in the court.

Many people in Japan knew about the cult's activities in advance of the attack. Yet astonishingly little was done to challenge it. Newspaper reports as early as 1989, when Aum registered for tax relief as a religion, told of parents attempting to retrieve teenage children from the cult.

Whether the current warmth in Sino-Russian relations will translate into a more extensive commercial partnership, however, is another matter. The Russians hope so, and Mr Yeltsin's party includes a hefty business representation.

But two-way trade lags behind other countries and Russian investment in China is negligible. Bilateral trade last year of \$5.4bn is about one-tenth of Sino-US trade. The Russians themselves are realistic about prospects. "The US is one of China's main sources of technology and capital. In real economic and political terms relations with the US are second to none," said a Russian official in Beijing.

Mr Yeltsin will also press for Russian involvement in China's \$30bn Three Gorges dam project. A Russian consortium has been formed to bid for the right to participate in the supply and construction of power generating units. Russian industry is also competing with the west in bids to provide conventional and nuclear power stations in China.

Australian inflation rate at lowest for more than year

By Nikki Tait in Sydney

Australia's annual inflation rate slowed to 2.7 per cent during the March quarter, the lowest level for more than a year and a sharp reduction from the previous quarter's 5.1 per cent. The consumer price index rose 0.4 per cent in the March quarter, compared with market forecasts of 0.6-0.7 per cent. The rate of "underlying" inflation, which attempts to exclude one-off influences, also rose 0.4 per cent, to give an annual rise of 3.2 per cent in the quarter. In the December quarter, underlying inflation rose 0.7 per cent.

When the Reserve Bank, governor of the Reserve Bank, recently warned that current wage increases, thought to be about 5 per cent over the past year, were not consistent with the monetary authority's aim of a 2.3 per cent inflation rate. "If wage growth continues to pick up, rather than come back a notch, there will be little option but to raise interest rates," he said last month.

Mr Paul Keating, prime minister of Australia until his Labor party defeat in March's federal election, yesterday formally bowed out of public life, when he submitted his notice to resign from federal parliament to Sir William Deane, the governor-general.

NZ ruling party boosted as opposition MP quits

By Terry Hall in Wellington

New Zealand's ruling National coalition yesterday gained a working majority in parliament after the sudden resignation of an opposition MP who defected from the National party only three weeks ago.

Mr Michael Laws said he would resign after admitting he took part in awarding a contract in the North Island city of Napier, where he also serves as a councillor, to a company part-owned by his wife.

This week saw the formation of a political party intending to field candidates to speak for Asian immigrants at the next general election. Last year, 29,000 of New Zealand's 45,000 immigrants came from Asia.

German engineer threatens steelworks contract with cheaper offer as UK group struggles on final terms

Trafalgar runs into trouble on Thai deal

By Andrew Taylor in London and Michael Lindemann in Bonn

A \$800m prestige construction contract for a Thai steelworks awarded earlier this year to Trafalgar House has run into problems with the renewed emergence of a strong rival German bidder.

and is facing the prospect of being unseated by Mannesmann Demag, the German process plant engineer which is trying to undercut the British offer.

Trafalgar yesterday denied reports that it had been dismissed as preferred bidder. It said negotiations over final price and content of the project were continuing with TSSI, a subsidiary of Thai Petrochemical Industry.

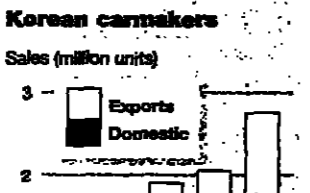
reported in local papers as saying the British group had increased its price since February and that Mannesmann was offering a cheaper deal. A decision on the offer is expected to be made by TSSI in the next 10 days.

is also along the eastern seaboard. Sofresid, another Trafalgar House subsidiary, last year won a \$420m (\$650m) contract from Thai Copper Industries to supply and build the country's first copper smelting and refining plant in the same region.

Record stocks point to sluggish S Korea car sales

By John Burton in Seoul

South Korea's vehicle stocks reached a record high in March in an indication that the country's car producers will suffer a second consecutive year of sluggish domestic sales.



is expanding aggressively into overseas markets, particularly south-east Asia. Although exports are expected to relieve some domestic pressure, overseas shipments are also predicted to slow to 10 per cent this year from 45 per cent in 1995 as the Korean currency appreciates.

Caribbean plugs in

Foreign power companies find opportunities in a region's privatisation drive, writes Canute James

North American and European power companies are finding the Caribbean fertile ground for investment. The Caribbean power sector has long been under state control, but several administrations are inviting foreign participation in the sector. Despite a protracted debate over the merits of a private power sector, the Dominican Republic has finally opted to privatise the state-owned company, CDE, which is to be split and sold in three sections responsible for generation, transmission and distribution. CDE is currently struggling to produce 800MW to meet national demand of 1,150MW. The sell-off is expected to be completed this year, but the new owners will be faced with the unpopular task of increasing rates.

The government will require the successful bidder to modernise and improve the Public Service Company's efficiency by spending about \$800m over 15 years which will not be financed solely from the company's operations. Houston Industries Energy's main competitor for the Jamaican market is Southern Electric of Atlanta. Both have created consortiums with local insurance companies and banks. The government favours local participation in the privatisation. Southern Electric is not a stranger to the Caribbean. The company bought a 49 per cent stake in the Trinidad and Tobago Electricity Commission in 1994.

Prospects for foreign investment in Caribbean electricity have further broadened with the undertaking by Haiti's new government to implement a controversial privatisation programme, including the power company. An official economic plan projects capacity of 1,250MW by 2004. This will cost investors just under \$1bn. Cuba's invitation to foreign capital could spread to its controversial Juraguas power plant in the southern city of Cienfuegos. Work on the plant stopped four years ago with an end to Soviet support and Cuba's lack of money. Cuban officials say the government wants one or more other foreign partners in a venture it is creating with the Russian government to complete and operate the

Tokyo rejects chip pact

By Michio Nakamoto in Tokyo

Japan's trade minister yesterday rejected a proposal by Sir Leon Brittan, the European Union trade commissioner, for a bilateral semiconductor chip pact to replace a US-Japan chip accord which expires in July.

WORLD TRADE NEWS DIGEST

Israel in China aluminium deal

United Development, the company controlled by Mr Shaul Eisenberg, the Israeli financier, has formed a \$490m joint venture with Chinese enterprises to process aluminium for use in the beverage, construction and vehicle sectors.

UDU initially will hold 50 per cent equity in the new enterprise, but there are plans to include additional foreign investors. Among possibilities is Ciechim of France which may supply the rolling mill.

Tenneco agrees exhaust venture

Tenneco Automotive of the US has joined forces with Jinhzhou Automotive of Dalian in China's north-east to produce exhaust systems for the First Auto Works, a truck and car producer.

This will be Tenneco's second joint venture in China - the first involves making shock absorbers in Beijing - and reflects the continuing engagement in the fast-growing Chinese motor industry of international companies.

Malaysia signs defence accords

Malaysia's DRB-Hicom motors group, seeking to become a big defence player, yesterday signed memorandums of understanding with three European defence companies to produce military vehicles.

One agreement was with Mowag Motorwagenfabrik of Switzerland to make armoured wheel vehicles. A second was with Alvis Vehicles of Britain for an all-terrain vehicle and the third was with Hagglunds Vehicles of Norway, also for an all-terrain vehicle.

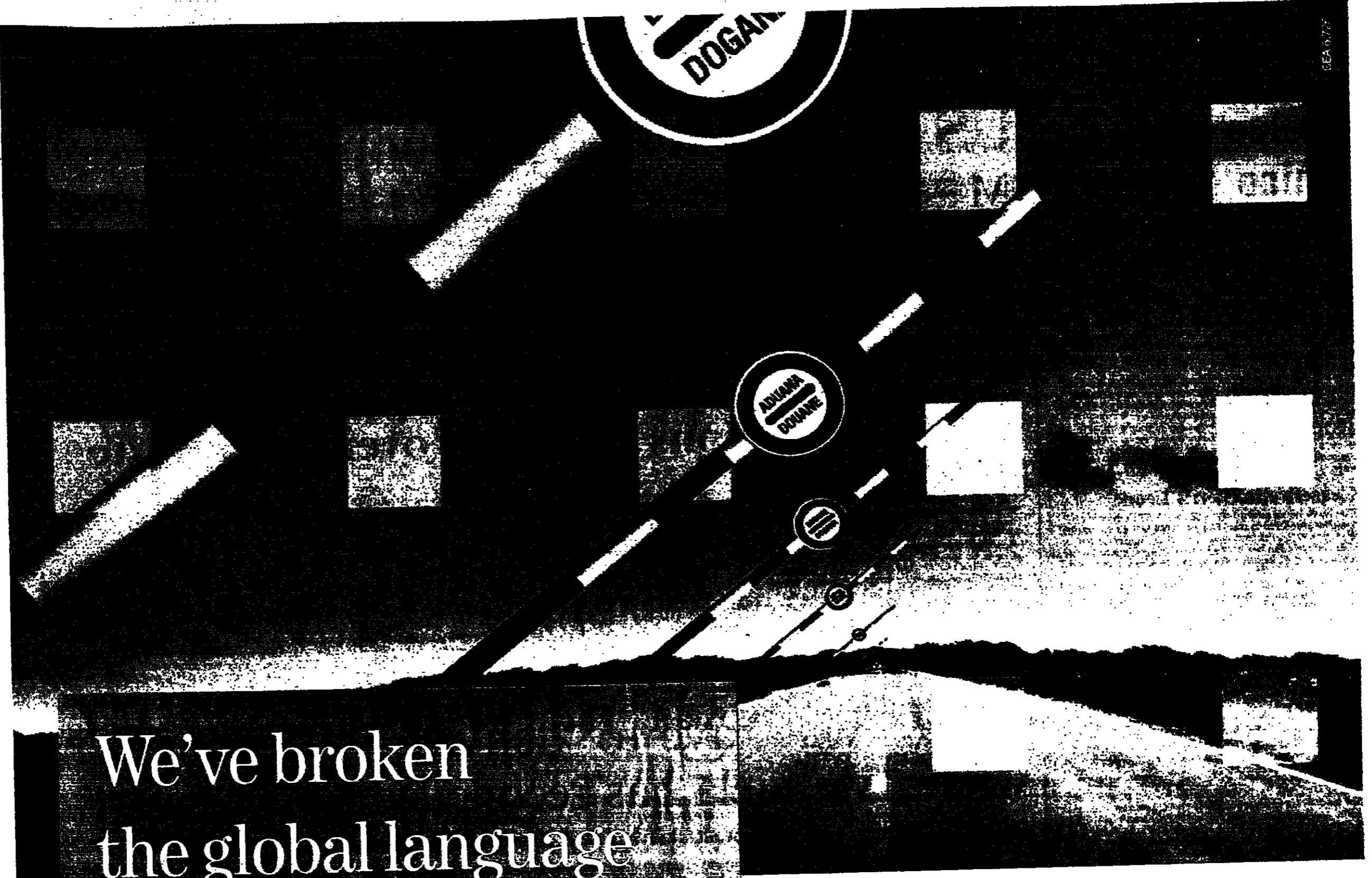
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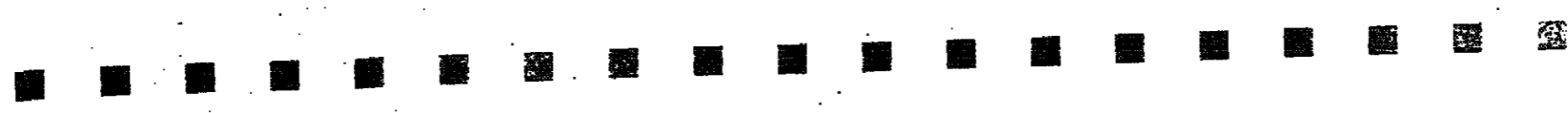
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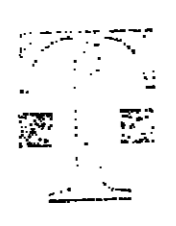
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INTERNATIONAL NEWS DIGEST

Police track Cairo gunmen

Four members of Egypt's security forces and two Muslim militants were killed yesterday in the southern province of Minya when policemen clashed with three gunmen believed to have shot dead 18 Greek tourists in Cairo last week. The gunmen were suspected members of the Gama'a al-Islamiya, Egypt's largest Muslim militant group, which claimed responsibility for the massacre of the Greek tourists saying it aimed to kill Israeli tourists to avenge those killed in the Israeli bombardment of Lebanon. The group had also warned that it would carry out more attacks, reminding "the Egyptian regime, headed by the traitor and tyrant Hosni Mubarak, that the war between us continues". The Egyptian ministry of interior said the shoot-out took place during a dawn raid on the sugar cane plantations of Ashmounein village. Police forces have sealed the village in an attempt to capture the third gunman. Yesterday's clash raises the number of people killed in incidents related to militant Islamic violence to 1,015 since the Gama'a al-Islamiya started its 1992 campaign, with the aim of replacing the Egyptian regime with a purist Islamic state. Shihara Idriss, Cairo

Ceasefire in Sierra Leone

The Sierra Leone government and its rebel foes agreed a ceasefire yesterday in their five-year civil war and appointed joint groups to work on a peace accord and disarmament. Mr Henri Konan Bedie, Ivory Coast president, who brokered peace talks, told reporters the agreement was a "definitive ceasefire". The ceasefire was announced in a joint statement issued after the first talks between Mr Ahmad Tejan Kabbah, Sierra Leone's new civilian president, and rebel leader Mr Foday Sankoh in the Ivorian capital Yamoussoukro. "They agreed to a continued cessation of hostilities with a view to creating a climate of confidence conducive to the conclusion of a peace accord," the statement said. The statement said the two sides agreed to establish three joint working parties to deal with a peace accord, encampment and disarmament of combatants and demobilisation and resettlement of combatants. Reuter, Yamoussoukro

Arafat moves on PLO charter

Mr Yasser Arafat yesterday took another step toward keeping his promise to Israel to scrap clauses of the PLO charter calling for Israel's destruction. Mr Arafat appointed 98 new members to the Palestine National Council, the Palestinians' parliament-in-exile, that will approve the changes in the 32-year-old charter. The appointments helped provide the necessary quorum for the crucial vote, but critics accused Mr Arafat of unfair behaviour by padding the PNC with his supporters. "Appointments were imposed on us in the past, and this is also true for this round," complained Mr Taisir Qobah, newly elected deputy chairman of the PNC and a member of a radical PLO faction opposed to peace with Israel. Mr Arafat urged the PNC in its opening session on Monday to approve the changes in the charter, saying it was time to "start a new era with good relations between us and the Israelis". Yesterday's session laid the groundwork for the vote on changing the charter, with the body approving the new members appointed by Mr Arafat. Debate on the charter change is set to begin this evening. AP, Gaza City

Treasury secretary insists World Bank and IMF 'should contribute their own resources to this effort' US snubs initiative on poor-country debt

By Robert Chote, Economics Editor, in Washington

Mr Robert Rubin, US Treasury secretary, insisted yesterday the US would not make fresh contributions to help finance the joint initiative on poor-country debt drawn up by the World Bank and the International Monetary Fund. Mr Rubin told the IMF/World Bank development committee: "The multilateral institutions should contribute their own resources to this effort, and the success of the programme should not depend on contributions from bilateral donors which, in the case of the US, will not be forthcoming."

Mr Kenneth Clarke, UK chancellor, kept up his pressure for agreement on the sale and reinvestment of part of the IMF's \$40bn gold reserve to help pay for the Fund's contribution to the initiative. This would probably take the form of extending the maturity of the already highly subsidised loans available to poor countries under the IMF's "enhanced structural adjustment facility" (Esaf). The fund is trying to find a way to put the existing Esaf mechanism on a permanent footing by finding finance for the five years running up to 2005, after which the repayment of past loans will make it self-financing. Mr Michel Camdessus, IMF manag-

ing director, proposed using a combination of gold sales and bilateral contributions to fill this funding gap when he addressed the fund's policy-making "interim" committee on Monday. But officials said the Germans, Japanese and Swiss remained resolute in opposition to gold sales, although there were signs the French might now concede gold sales as a last resort. "Gold sales must remain the lead option if we are to reach that final decision to extend the Esaf at our annual meetings in the autumn, which I believe we must," Mr Clarke told the development committee. "I

have not been persuaded other methods of mobilising IMF resources would produce the necessary finance required." Mr Mohamed Kabbaj, chairman of the development committee, identified no fewer than 10 unanswered questions and areas of dispute relating to the debt initiative ministers would have to grapple with. These include the length of the policy record demanded of beneficiaries, criteria for eligibility, costs, the scope for increased generosity by the Paris Club of creditor government, and the timing of decision making. Movement on the debt initiative is important to the heads of the bank

and the Fund. Mr James Wolfensohn, bank president, needs success to point to as his first year in office draws to a close; a breakthrough on debt would help cement support for Mr Camdessus if he decides to seek a third term as IMF head beginning early next year. The development committee discussed the report of a working group it had set up to look at operations of the five multilateral development banks. Mr Kabbaj said the report had received "broad support", but some officials privately describe it as toothless and too obviously the product of a large and unwieldy committee. Editorial Comment, Page 13

S African unions to strike over constitution

By Mark Ashurst in Johannesburg

The Congress of South African Trade Unions has called a one day national strike next week to bolster its demands for changes to the new constitution, which is expected to become law on May 4. The action has provoked a mixed reaction from Cosatu's allies in the African National Congress, the dominant party in the government of national unity. Business groups warned it would damage investor confidence and spark a further collapse of the ailing rand.

However, the rand closed in London at R4.2875 against the dollar from R4.255 on Monday as currency dealers predicted "a pause for breath" after its frenetic six-week decline, during which the rand has fallen by more than 14 per cent to record lows. Cosatu wants the clause enshrining the right of employers to lock out strikers during labour disputes to be removed from the Bill of Rights. The clause, which was intended to balance the provision in the bill for workers' right to strike, was inherited from the existing interim constitution negotiated

in the run-up to the April 1994 election. The ANC said yesterday it "supported in principle the right to strike in support of general demands and specifically to press for the removal of the lock-out clause". But this was tempered by a later statement that the party had not reached a decision on whether the ANC "fully supported the proposed strike". Cosatu is also calling for the removal of clauses guaranteeing the right to life and the right to ownership of property. It argues that parliament should have jurisdiction to

reintroduce the death penalty, and to legislate on the restitution of land to victims of forced removals during the apartheid era. Constitutional rights can only be overturned by the constitutional court, and are therefore perceived as undermining the autonomy of parliament, where many former trade unionists are MPs. Despite a groundswell of opposition from its rank and file membership concerned at rising levels of violent crime, the ANC is committed to maintaining the right to life clause. Its insertion in the interim con-

stitution was the basis for the abolition of the death penalty by the constitutional court last year. It is also unlikely to drop the property clause, which is the product of protracted negotiations with other parties in the constitutional assembly. Mr Roelf Meyer, secretary-general of the National party, yesterday criticised the ANC for appearing to condone the Cosatu strike "while being a party to the negotiations itself". However, analysts said the dispute over the lock-out clause was a continuation of last year's dispute over the

drafting of the Labour Relations Act, which grants a lock-out right to employers. Unless there were changes to the act, the contest over constitutional provisions was largely symbolic. Business South Africa, the biggest of the lobby groups representing business, said it was "alarmed" by the strike call. "The signals Cosatu's campaign sends to the international and investing community are also to be greatly regretted, particularly at a time when the lack of overseas confidence in the rand has had such demonstrable impact."

Mbeki will have to 'deliver' where Mandela has reconciled

Roger Matthews on the man most likely to be S Africa's next leader

The political and economic tremors that have struck South Africa in the past month indicate that the country has entered a more testing phase, and that responsibility for managing it will increasingly rest with Mr Thabo Mbeki, the deputy president. Unfounded rumours about the health of 77-year-old President Nelson Mandela triggered

an assault on the rand which, in just four weeks, has lost more than 14 per cent of its value against the dollar. The fall has been accompanied by increasingly acrimonious exchanges between business and unions over the direction of economic policy. A subsequent cabinet reshuffle, sparked by the resignation of Mr Chris Liebenberg as finance minister, deepened the

rand's slide. Mr Trevor Mamel was promoted to become the first member of the African National Congress to hold the post, and Mr Pello Jordan, who as minister of posts and telecommunications had been thought to be performing better than some of his cabinet colleagues, was dropped from the cabinet. While the implications of the reshuffle were still being digested, Mr Cyril Ramaphosa, the secretary general of the ANC, announced he was quitting parliament to concentrate on helping black-owned companies win a larger slice of the private sector.

The one threat most obviously linking these developments is the role and ambitions of Mr Mbeki. His selection by Mr Mandela two years ago as deputy president made him the immediate front-runner for the succession in 1999. The past month has seen him consolidate that position, while strengthening his ability to influence policy in key areas. Whether by design, or through astute manoeuvring, one of the main concerns affecting the value of the rand follows Mr Mandela - who appears to have been answered. "Thabo is now, without question, the de facto prime minister and president in waiting," said a senior ANC member last week. "He is in virtual charge of foreign policy, and has taken control of economic policy, and Ramaphosa's move means that his only serious political rival

has, at least for the time being, admitted defeat. That leaves Thabo in an overwhelmingly strong position." This proposition coincides with Mr Mbeki's view that over the next 15 years the evolution of South African politics will be determined by the relationship between the twin processes of reconciliation and transformation. By implication, Mr Mandela will continue to promote the former, and Mr Mbeki the latter.

Mr Mbeki's friends credit him with being an impressive strategist, who is able to strip out details and go to the core of an issue. But they, like many others, have yet to see how his emphasis on transformation translates into policy; how, as Mr Mbeki said last year, "you can implement a process of transformation in a country with such enormous disparities, in which nobody loses anything". Those less impressed with Mr Mbeki's talents claim he is much better at posing the questions than answering them. They argue that his rise within the ANC, which embraces a wide range of political views, owes much to his ability to appear sympathetic to all sections. "His problem within the party is that he does not have a natural constituency," said an ANC member. So one day he appears to be siding with the more radical factions, and the next with those moving towards a more free-market view of economic management.



Thabo Mbeki: seen as South Africa's president in waiting

"He is also very conscious of just what his standing is at any one moment. And this stops him providing clear leadership and behaving like the president he one day will be." This assessment coincides with an important part of the mainly white business community who voice concern at Mr Mbeki's apparent unwillingness to set priorities and stick by them. They cite his determination in December to give a decisive push to the privatisation process by announcing companies that would be sold off and others for which minority equity partners would be sought. But in the face of strong union opposition, the impetus appears to have been lost, and privatisation has scarcely featured in Mr Mbeki's subsequent speeches. "The key question for us is whether he has the political

commitment to carry things through," said the director of a leading company. "There is no doubt that he correctly identifies what needs to be done. But he seems to dodge from one issue to the next and will not commit himself to seeing anything through. For example, we do not doubt that he is in favour of privatisation, but he is not delivering." The issue of "delivery" is the single, strongest demand running throughout South African society, from the mass of unemployed to the boardrooms of industry. But it means fundamentally different things to different people, and Mr Mbeki knows that "choices court unpopularity. The pressure on the rand may be a reminder for him that international markets may be as perceptive, and certainly much less patient, than many ANC supporters.

SINGAPORE offers excellent back-up to computer experts. HERE'S data on other exhibitions.

Table listing exhibition dates and topics: 9-12 Jul Autofact Asia '96, 10-12 Jul Pro Audio & Light Asia '96, 20-28 Jul Asia Pacific Furniture Fair '96, 23-26 Jul Valves & Piping Asia '96, 2-5 Aug Jewels of Asia '96 - Singapore, 7-11 Aug Made in Indonesia '96, 14-16 Aug Asia Pacific Theme Parks and Attractions '96, 22-25 Aug Comex '96, 30 Aug-1 Sep Optics '96, 31 Aug-8 Sep BookFair '96, 3-5 Sep Information Superhighway Summit Asia '96 Exposition, 5-8 Sep Moneyworld '96, 11-14 Sep Appliances & Electronics Asia, 18-20 Sep Intex '96 - International Textile, Trim and Ready-to-Wear Exhibition, 24-27 Sep Refining, LNG & Petrochem Asia '96, 25-27 Sep COMDEX Asia at Singapore Informatics '96

Registration form for Singapore exhibition: Name, Title, Company, Address, Tel, Fax, E-mail, and contact information for Singapore.

Commonwealth meets on Nigeria

Commonwealth ministers met yesterday to consider possible action against Nigeria following the military junta's refusal to allow a delegation to visit Lagos to discuss human rights and moves toward democracy, AP reports from London. The Commonwealth, the 53-nation association that groups Britain and its former colonies, suspended Nigeria's membership in November and said it would consider tougher measures, including an oil embargo, if it barred the ministerial visit. The suspension of black Africa's most populous nation followed last November's executions of nine Nigerian dis-

sidents, including playwright Ken Saro-Wiwa. Splits are reported among Commonwealth members on whether harsh measures should be imposed, and whether they would be supported by the US and the European Union. Some EU members have returned their ambassadors, who were recalled after the November executions, and expressed a desire for closer ties with Nigeria. Commonwealth leaders set up an eight-nation committee to deal with persistent violations of democracy, human rights and the rule of law following Nigeria's suspension

at their New Zealand summit. At the committee's first meeting in December, the so-called action group decided to send a five-nation delegation to Nigeria and threatened possible tougher measures. But Nigeria said it would not be welcome until the Commonwealth heard a petition from military leader Gen Sani Abacha protesting at the country's suspension. "We want a mechanism whereby the grievance of Nigeria will be listened to and addressed," Mr Uche Okeke, Nigeria's acting high commissioner, said yesterday on BBC Radio 4. "This eight-member Commonwealth contact group

of ministers - it's not that kind of mechanism we're seeking." Mr Don McKinnon, New Zealand's foreign minister and action group member, told Radio 4 that the Commonwealth wanted progress to democratic government in Nigeria. Mr Okeke said Nigeria was interested in the Commonwealth, "anxious to co-operate," and was definitely on the path to a democratic government. The eight-nation action group is chaired by Mr Stan Mudenge, Zimbabwe's foreign minister, and includes the foreign ministers of Britain, Canada, Ghana, Jamaica, Malaysia and South Africa.

Threat to Iraqi oil talks with UN

US and British insistence on a strict observance of the United Nations Security Council's conditions for any resumption of Iraqi oil exports last night threatened to abort negotiations between Iraq and the UN. Iraqi and UN officials called off a meeting tentatively scheduled for yesterday but were expected to return to negotiations today in a new attempt to

resolve their differences. If this third round fails in a series of talks that began in February, Iraq will certainly seek to blame the west for the plight of Iraqi civilians hard hit by UN-imposed sanctions. But Washington and London argue they are doing no more than require firm adherence to the year-old UN resolution to permit Iraq to sell up to \$2bn worth of oil mainly to pay for food and medicine. For his part, Mr Boutros Boutros Ghali, UN secretary

general, who persuaded President Saddam Hussein to relax objections to negotiations, is said to feel that a degree of flexibility is necessary to reach a deal. The main remaining obstacles involve distribution of humanitarian supplies to the Kurds in northern Iraq and the establishment of an escrow account to handle receipts from oil sales. The UN says that Iraq cannot be trusted to distribute supplies to the Kurds fairly

and the world body itself must have control. Iraq wants to name the banks that would hold the escrow account, whereas the UN says that must be its own responsibility. Mr Boutros Ghali, who is an old friend of Mr Tariq Aziz, Iraq's deputy prime minister and adviser to Mr Saddam, has invested considerable personal political capital in the talks, and from the outset he has voiced optimism about their outcome.

Handwritten text in Arabic: مكتب الامم المتحدة

country de

constitution

Georg Ehrnrooth

METRA CORPORATION, FINLAND

Mogens Granborg

DANISCO A/S, DENMARK

Sören Gyll

AB VOLVO, SWEDEN

Dr. Hans Dieter Harig

PREUSSELEKTRA AG, GERMANY

Jukka Härmälä

ENSÖ-GUTZEIT OY, FINLAND

Viktors Kulbergs

THE LATVIAN CHAMBER OF COMMERCE & TRADE, LATVIA

Bronislovas Lubys

STOCK COMPANY "ACHEMA", LITHUANIA

Toomas Luman

SIIV-EESTI EHIUS, ESTONIA

Harald Norvik

STATOIL A/S, NORWAY

Professor Yuri M. Perunov

PLESHAKOV SCIENTIFIC & INDUSTRIAL CORPORATION, RUSSIA

Dr. Lars Ramqvist

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Hördur Sigurgestsson

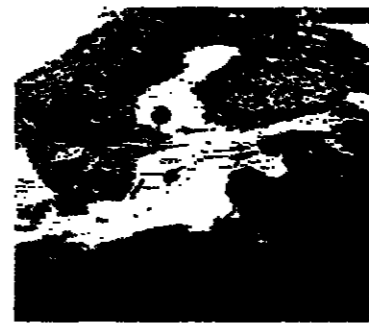
H.F. EIMSKIPAFÉLAG ISLANDS, ICELAND

Dr. Andrzej Skowróński

ELEKTRIM S.A., POLAND

Dr. Peter Wallenberg

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You are the guests of Dr. Peter Wallenberg and the Stockholm Chamber of Commerce, invited to participate in the Baltic Sea Business Summit. We are firmly convinced that this meeting of minds is a step towards achieving our goal in the Baltic Sea region - the goal of creating here the kind of dynamic, expansive business region these countries have every opportunity to become.

Welcome to Stockholm!

Mats Hulth
Mats Hulth
Mayor of the City of Stockholm

Bosse Ringholm
Bosse Ringholm
Mayor of the Stockholm County Council



meets in

oil talks with

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NEWS: THE AMERICAS

Army commander defies presidential dismissal but people and diplomats rally behind constitution

Paraguayan general sulks in the barracks

By David Pilling
in Buenos Aires

A hint of defiance, led by Paraguay's army strongman General Lino Oviedo, appeared to be petering out yesterday, but his blunt challenge to the authority of President Carlos Wasmosy has confirmed the country's reputation as a fragile democracy.

Thousands of demonstrators yesterday rallied in front of the presidential palace in the capital, Asunción, to back Mr Wasmosy's decree to drop Gen Oviedo as army chief. That decision, due to take effect late yesterday, had prompted the general to retreat to barracks on Monday and demand Mr Wasmosy's resignation.

The president, who had gone into hiding on Monday night, was joined in a show of support at the presidential palace by Congress members from all parties and by Mr Robert Service, US ambassador to Paraguay. The heads of the navy and air force issued statements rejecting Gen Oviedo's actions and backing the democratic constitution.

"There is total support for the president," Mr Carlos Dentz, a journalist at the ABC newspaper, said yesterday. "Gen Oviedo now has very few options. At 4pm [local time] he must give up his command of the army, and then he

will have to face trial."

Even if this challenge by the general is de-activated, however, Paraguay retains many characteristics of the old South America, where military and civilian authority mingle. Since its return to civilian rule in 1989, after 24 years under the dictatorship of General Alfredo Stroessner, the country has been poised for a coup.

Gen Oviedo, who played a crucial role in the coup that ousted Gen Stroessner, once declared that the armed forces and Mr Wasmosy's Colorado party "would co-govern for century after century, fall who must fall and cry who must cry."

Since he assumed power in 1993, the president has shown signs of trying to reduce the influence of the armed forces, whose close links with his party go back decades. A constant tussle between Mr Wasmosy and Gen Oviedo has led commentators to call Paraguay a *democracia*, a hybrid of democracy and dictatorship (*democracia and dictadura*).

It is not clear what prompted Mr Wasmosy's daring decision this week to sack the general. The crisis seemed to come to a head after legislative supporters of Gen Oviedo, who has made no secret of his aspirations to assume the presidency in 1998, blocked a bill to award to private companies control of



The commander wanted to stay: President Wasmosy and General Oviedo at a recent ceremony

International toll bridges to Brazil. Gen Oviedo claims that the companies benefited by the legislation have links to the president.

Much political bickering in Paraguay is inspired by tension over business opportunities. In particular, many sections of society - not least the armed forces - are concerned that the country's integration

with the rest of the region could end much of the smuggling that has long been the mainstay of the economy and of individual business interests.

Paraguay is one of four founding members of the Mercosur customs union with Argentina, Brazil and Uruguay. As such, it is slowly coming under pressure to legitimise its national

economic activities. A special focus of concern from fellow Mercosur members has been the smugglers' paradise of Ciudad del Este, a delight for duty-free shoppers from Paraguay's larger neighbours. The city is said by diplomats to handle some \$70bn of transactions annually - ten times Paraguay's official gross domestic product.

Tension had also risen on account of elections next Sunday for a head of the Colorado party. Gen Oviedo, as a member of the armed forces and so forbidden by the constitution to act politically, had called for the elections to be postponed.

Mr Carlos Martín, professor at the Catholic University in Asunción, said yesterday that strong international support for Mr Wasmosy had probably been sufficient to head off any attempt at a coup. Messages in support of Paraguay's fledgling democracy from fellow Latin American leaders poured in on Monday night, while the US embassy issued a statement demanding that Gen Oviedo obey the presidential decree.

Mr César Gaviria, secretary-general of the Organisation of American States, flew to Paraguay yesterday to give his personal support to the president. Officials from other Mercosur countries said Paraguay's continued membership of the body depended on it remaining a democracy.

Gen Oviedo, whose insubordination has damaged his chances of being elected president in 1998, was yesterday weighing his options in army barracks near Asunción airport. "Everything indicates that he will resign," said Mr Martín. "But you can't rule out a last-minute moment of madness."

US prosecutor attacks bank secrecy laws

By Clay Harris

A US federal prosecutor yesterday told banks that they are no better than prostitutes if they transmit money without knowing their customers or the purpose of the transaction. Mr John Moscow, assistant district attorney for Manhattan, speaking at a conference in Lisbon on money laundering, also attacked bank secrecy laws and warned of tough US action.

"There is no reason why bankers who do what they are told for a fee should consider themselves any better than the prostitutes who do the same," Mr Moscow said. "If you think that the size of the fees makes the conduct better or appropriate, think again, for the penalties are far greater. At least they are if you are dealing with the dollar."

Mr Moscow, who since 1989 has been assigned to prosecute cases related to Bank of Credit and Commerce International, said: "In the BCCI case, we had \$3bn going from Egypt, through New York, to Nassau in the Bahamas and back. I don't suppose that there has been \$3bn in trade between Egypt and the Bahamas in all recorded history. A prudent banker would have asked what business his customers were in."

In a strong attack on bank secrecy laws, he said: "The ancient concept that bank secrecy must be preserved to keep a gentleman's financial affairs confidential - dating back to the days when only gentlemen had cheque accounts, and their servants did not - must give way to the current reality. Bank secrecy statutes in

international finance are used by crooks, tax evaders, securities fraudsters, and capital flight follows; they are used by narcotics dealers. But they are not needed by honest folks engaged in honest transactions."

He added: "There is no reason why the people in Vanuatu cannot have rigid bank secrecy laws. I do not care what they do among themselves, so long as they are consenting adults. I do care, however, if they try to merchant their sovereign status and impose their sovereignty on New York (along with rest of the civilised world), to protect the narcotics dollars from detection... As we see it, if the money goes through Manhattan, we may well have jurisdiction."

On Monday, a UK expert on money laundering, Mr Rowan Bosworth-Davies, had told the conference that the extra-territorial approach of US prosecutors posed a threat to companies whose business or clients had even an indirect link with that country.

A London solicitor, Mr Miles Laddis of Denton Hall, urged UK professional advisers, including bankers, to seek legal advice before reporting a client's suspected money laundering of the proceeds of crime to the National Criminal Intelligence Service.

The duty to report suspected money laundering applied only to cases involving drugs or terrorism, he argued. Advisers needed to take precautions to avoid facing criminal charges by inadvertently "tipping off" the client or being sued by the rightful owner of the money.

The two-day conference was organised by International Conference Group.

Dole unlikely to secure sufficient majority in Senate for popular cause

Push for term limits stumbles

By Jurek Martin, US
Editor, in Washington

The US Senate yesterday moved towards a vote on term limits for members of Congress, a mostly symbolic gesture designed to reinforce the credentials of Senator Bob Dole, the Senate majority leader and presumptive Republican candidate for the presidential election in November, with conservative and independent voters.

There seemed little chance that the Senate would approve, by the necessary two-thirds majority, the constitutional amendment that would confine senators to two terms of six years each and members of the House of Representatives to six terms of two years apiece. It was not even clear yesterday whether supporters of the amendment could muster the

60 votes needed to end debate and force a division.

The outcome would be academic, because the House vote in favour of a similar amendment last year - 237-204 - was well short of the minimum required to keep it alive. But Mr Dole, aware that polls show most Americans in favour of term limits, swallowed his own reservations on the issue and put it on the calendar.

Democrats, likely to vote overwhelmingly against, have spoken little in the Senate debate, which began on Monday, except to argue that fairness would require term limits for present members of Congress. The amendment would only affect new members.

This is the latest pitch by the majority leader to opinions strongly held by both conservatives and by supporters of Mr Ross Perot, the 1992 inde-

pendent presidential candidate.

Last week the senator was humiliated in failing to get Senate approval of medical savings accounts as part of health insurance reform. He has also taken to attacking the judicial appointments of President Bill Clinton on the grounds that the jurists concerned are too "liberal" and thus undermine the fight against crime.

On Monday Mr Dole urged Mr Clinton, in a Senate floor speech, to withdraw the nomination of a Miami trial lawyer to an appeals court judgeship on the grounds that the appointee in question was legally unqualified for the post and was a substantial financial contributor to the president's election campaign.

This followed his assault last month on a New York judge appointed by Mr Clinton The

judge's original ruling, later reversed, in a narcotics seizure case had also invited criticism by the president.

Mr Dole's case against the judiciary, long a conservative cause, has been weakened by the fact, pointed out by the White House, that he voted against the confirmation of only three of Mr Clinton's 137 judicial nominees of the last three years. This includes two to the US Supreme Court.

The majority leader's fumbling on Capitol Hill is now attracting Republican criticism. The latest to suggest he should step down as majority leader and concentrate on drawing ideological distinctions with Mr Clinton is Mr Bill Bennett, former education secretary. "We may get wallowed anyway [in November], but I would much rather be beat on principles."

Big US trade gap narrows slightly

By Nancy Dunne
in Washington

The US trade deficit in goods and services in February shrank by 17.1 per cent from that of the previous month, but the improvement was neither structural nor necessarily long-lasting.

The Clinton administration, with its trade policies bound to come under attack in this election year, will take little comfort from the monthly figures. Although the deficit dropped from \$9.5bn in January to \$8.2bn in February, it was running at an annual rate of \$108.4bn for the first two months of the year, only marginally better than the \$111.5bn in the equivalent period last year.

Aircraft, a big component in the improvement but a volatile

sector, accounted for most of a \$700m rise in exports of capital goods. Exports were also boosted by sales of US tobacco products and pharmaceuticals.

"We export tobacco products, and then, when [people] get sick smoking, we treat them," said one analyst. Crude oil imports fell, mostly as the result of reduced volumes rather than lower prices. The improvement was also powered by a surge in trade in services, particularly in foreign travel to the US.

The politically sensitive trade deficit with Japan rose by 2.7 per cent to \$3.8bn. The US bought more computers, electrical machinery and power generating machinery from Japan in February. Japan bought more fish, aircraft and computers from the US.

Small groups' growth 'slow'

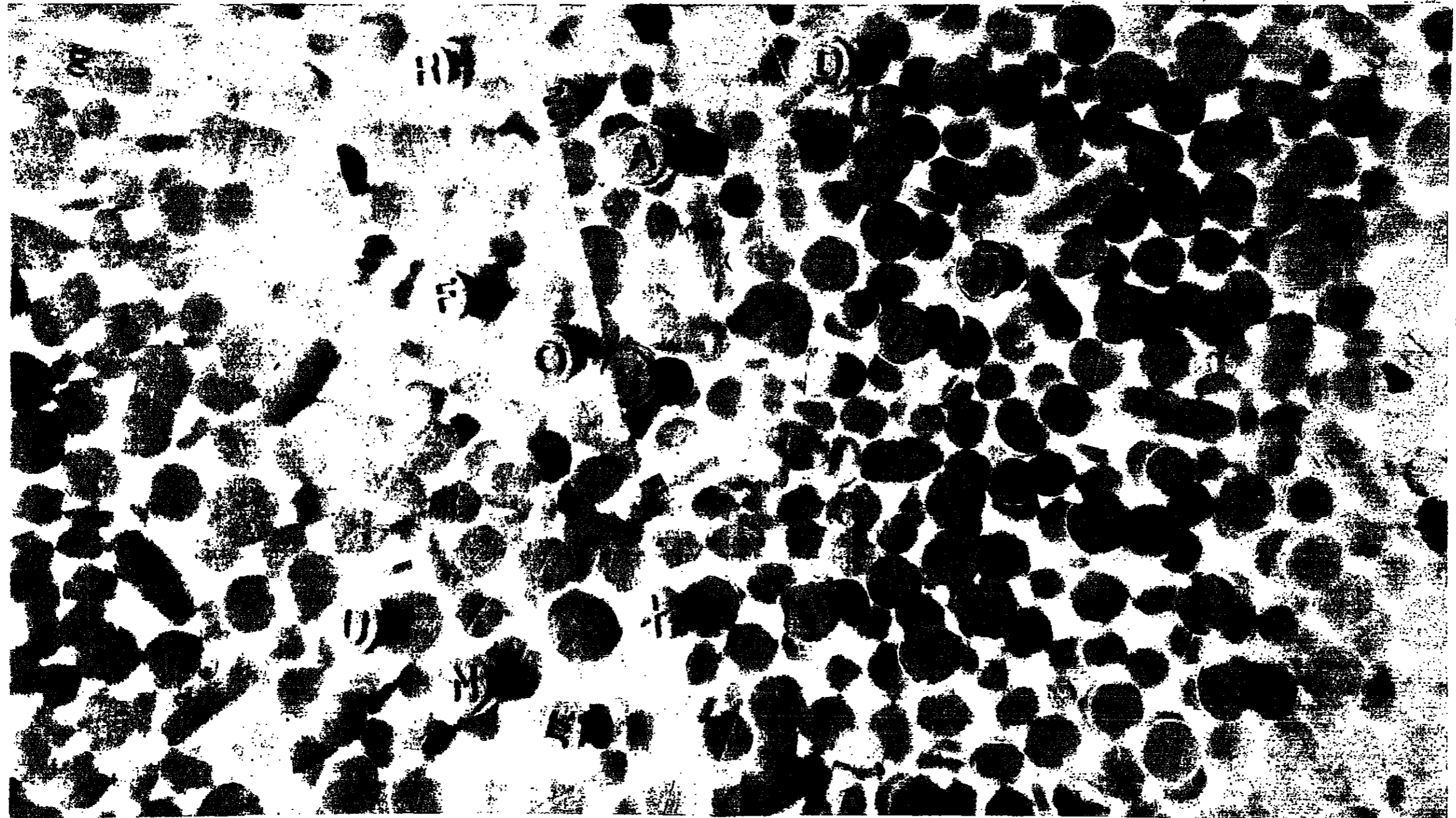
Small US manufacturers see continued slow growth in their businesses this year, a National Association of Manufacturers annual survey said yesterday, Reuter reports from Washington.

"Our small member companies expect a gradual slowdown in investment and slow gains across the board in 1996," NAM president Jerry Jasnowski said.

The survey found manufacturers expected slow growth in

sales, wages, employment, investment and profits. In 1996, more than 40 per cent of those surveyed expected to increase full-time jobs; 12 per cent planned to reduce employment.

Some 28.5 per cent of respondents expected sales to rise by 10 per cent; 22 per cent expected sales up by 5-10 per cent; and 17.6 per cent expected wages to stay about the same. Some 66.8 per cent expected to hold inventories at or near present levels this year.



Among the nightmares that can haunt corporate leaders, one of the worst must be flawed products. Especially if the consumers discover the flaw rather than the company's

inspectors. Recalling tons of merchandise, fixing the fault, losing millions is bad enough. But image loss, legal battles and compensation claims can far outweigh these prob-

lems. While all the superstart machines and trained brains in the world may not be able to prevent such a catastrophe, being prepared can soften it considerably. As a

leading global insurance group, we concentrate on selected industries, regularly talking to and - more important - listening to them. Our first priority is to help them avoid

liability claims. But just in case, we also assist in designing recall plans to limit damage. Finally, with innovative risk transfer solutions you can be sure of a good night's sleep.



مكثا من الأصل

BUSINESS AND THE ENVIRONMENT

Ten years after Chernobyl, Dinah Greek explores a nuclear detection network

Gamma curtain drawn

Alexei Yablokov, a senior Russian ecologist, recently claimed that Russia's nuclear power stations "posed an unacceptable risk" to safety. Huge investment, he said, was needed to bring them up to western standards.

Western safety experts also continue to stress the dangers posed by some of the nuclear reactors in the former Soviet Union. The 10th anniversary on Friday of the Chernobyl nuclear accident in Ukraine will highlight those concerns. Should another similar incident occur, there is as yet limited capability for tracking the radiation plume. However, although eastern Europe's nuclear plant safety still falls a long way short of the west's, much is being done to improve the situation.

One of the most important of these initiatives is the institution of a "gamma curtain" - an early-warning and monitoring system - in Belarus and Ukraine.

This European Commission Tacis (technical assistance to the CIS) project has been three years in planning and the Ecu4m (£3.1m) pilot project, Gamma-1, will be fully operational by the end of May.

The gamma curtain is similar to systems already used in the west. However, it is a new approach to nuclear safety in the former Soviet Union countries and has been modified to suit their needs. It will also give western Europe an early warning of any accidental

releases of radiation.

The system is a detection network, with radiation monitors sited around the nuclear stations connected by radio link to local response centres which collect and process the data. Duplicated computer systems at each centre enable operators to monitor the situation continually. However, an alarm is automatically raised if preset thresholds are breached or any systems malfunctions are detected.

All data are sent automatically to two national response centres, one in Kiev and the other in Minsk, via dedicated phone lines. Summary data will also be sent to western Europe via e-mail on a routine basis and immediately if the situation warrants it.

Cambridge-based PA Consulting Group has been working on the project to establish its feasibility and the outline design for implementation. The pilot project involves monitors at three nuclear stations, Ignalina in Belarus and Rivne and Zaporizhka in Ukraine. Chernobyl was not chosen because the severe contamination in the area would have presented additional complexities for the pilot system.



The pilot project involves monitors at Zaporizhka (pictured) and Rivne in Ukraine, and Ignalina in Belarus

The technology involved is straightforward, but it has been modified to take account of a number of factors - the terrain, density of population, weather trends, accessibility and lessons learnt from Chernobyl. Around each of the nuclear sites, a fully integrated set of high-density gamma-dose rate (high but less dangerous

than alpha-beta doses) automatic detectors will be placed within the perimeter of the plant. These detectors have been modified to use duplicated Geiger Muller detection tubes to improve reliability.

Chernobyl demonstrated phenomena known as "vertical" and "lateral" breakout where radiation forms very

narrow rising plumes. Detectors placed at ground level immediately around the plant are not enough as plumes may rise above them and travel large distances without detection.

At Chernobyl this put authorities at Pripyat, a town 5km from the reactor, in a quandary - should they evac-

ate the town's people, and in which direction, to avoid travelling into the plume. In the event, the 49,000 inhabitants were evacuated safely - as far as the limited monitoring equipment available showed - by relatively uncontaminated routes.

Detectors have been placed high up on buildings for security. Also, because plumes may "rain out" and cause serious radiation hotspots well away from the accident area, further Geiger Muller counters have been placed in expanding and overlapping rings at distances of up to 20km from each plant. This pattern provides the highest probability of protection.

Radiation contamination may also enter the water system because of leakage. To cope with this, gamma water sensors will be used to detect any water-borne release. Weather stations which will monitor rainfall and wind direction will also aid in detecting the direction in which a plume is travelling.

In addition to gamma-dose monitoring, equipment to monitor alpha-beta radiation has been included. Alpha-beta radiation is the most dangerous, so a quick response to contain-

tion is needed. To achieve this, a number of ultra-sensitive alpha-beta monitors have been sited in populated areas around the nuclear plants.

A difficult dilemma for PA was whether to use vehicles mainly for mobile plume tracing or response and support. It decided on the latter, largely because of cost and the difficulty vehicles would have travelling around in the event of an emergency.

Each of the vehicles will in essence be mini-laboratories, deploying up to four mobile "sentinel" gamma-dose rate stations. Should a radiation breakout occur, tests and monitoring can be taken further

ahead. With the Gamma-1 project close to completion, the only worry among the engineers is that something untoward will happen before it is fully up and running. "An accident occurring before completion is our one major concern," says Phil Jeanes, a principal consultant with PA.

It is hoped that the gamma curtain can be extended to other sites after the 12-month evaluation period ends next May and that further funding for the project will be provided.

The author writes for Professional Engineering magazine.

Sweden digs deep to bury nuclear waste

David Lascelles on two projects to solve the disposal problem

Deep burial is widely seen as the best way to get rid of nuclear waste, but few countries have been able to do it successfully because nobody wants nuclear dumps on their doorstep.

Sweden is among those that have made some progress, despite the enormous public hostility that exists to nuclear power. But even for the Swedes, the ultimate goal of a deep permanent store for spent fuel is proving elusive.

At Forsmark, a former iron-making community two hours drive to the north of Stockholm that is now the site of a nuclear power station, the Swedes have hewn a mile-long tunnel out under the sea. At the end are a number of brightly-lit caverns which are gradually being filled with large metal containers of radioactive waste brought in by huge transporters.

There is room enough here for 60,000 casks of waste, about a third of which has been taken up, although the facility will probably be extended with a second set of caverns at the end of the decade.

But Forsmark can take only low- and intermediate-level waste: the sort that does not need heavy shielding, such as workers' clothing, lightly contaminated parts and other operational waste.

The much more challenging task of handling highly radioactive waste, such as spent fuel, is being addressed at Oskarshamn, another nuclear site about 400km south of Stockholm. Here a two mile tunnel has been blasted more than 1,500ft under the sea to explore the possibilities for storing high-level waste. The tunnel, which descends in a spiral, took two years to build at a cost of SEK600m (£49m).

Officially, the tunnel is an experiment rather than an actual repository, and the nuclear industry is keen to emphasise this fact to avoid upsetting the local Oskarshamn community. But it has shown the Swedes that it can be done.

"We could do it by 2008 from the technical point of view," says Olle Olsson, head of the project. "The problem is political. We have the concept and the design. Now it is a question of optimising the system and convincing the community around that we can do it."

The ideal geological site would have to have fewer fractures than Oskarshamn to restrict the flow of groundwater. But since the waste will have to be stored for thousands of years before it becomes safe, the repository will also have to be built on the assumption that future generations, ignorant of its existence, might drill into it.

So the site would have to be some distance from exploitable mineral deposits.

The waste itself will be stored in stainless steel containers and encased in copper to resist corrosion. At the Oskarshamn site, the engineers have on display a copper cask recovered from a 300-year-old wreck. The seawater had barely left a mark on it, proving that the casks could be immersed safely for a long enough period for the worst of the radioactivity to decay.

The nuclear industry, which is largely government-owned, has set up a specialised company, SKB, to deal with radioactive waste. SKB's activities are funded by a levy on electricity bills.

This has already generated SEK19bn, although the nuclear industry is anxious that Sweden's financially strapped government may seek to pocket the money itself.

Earlier this year, the funds were transferred out of the Bank of Sweden to an account under the direct control of the finance ministry, officially to strengthen Sweden's financial position and qualify it for European monetary union.

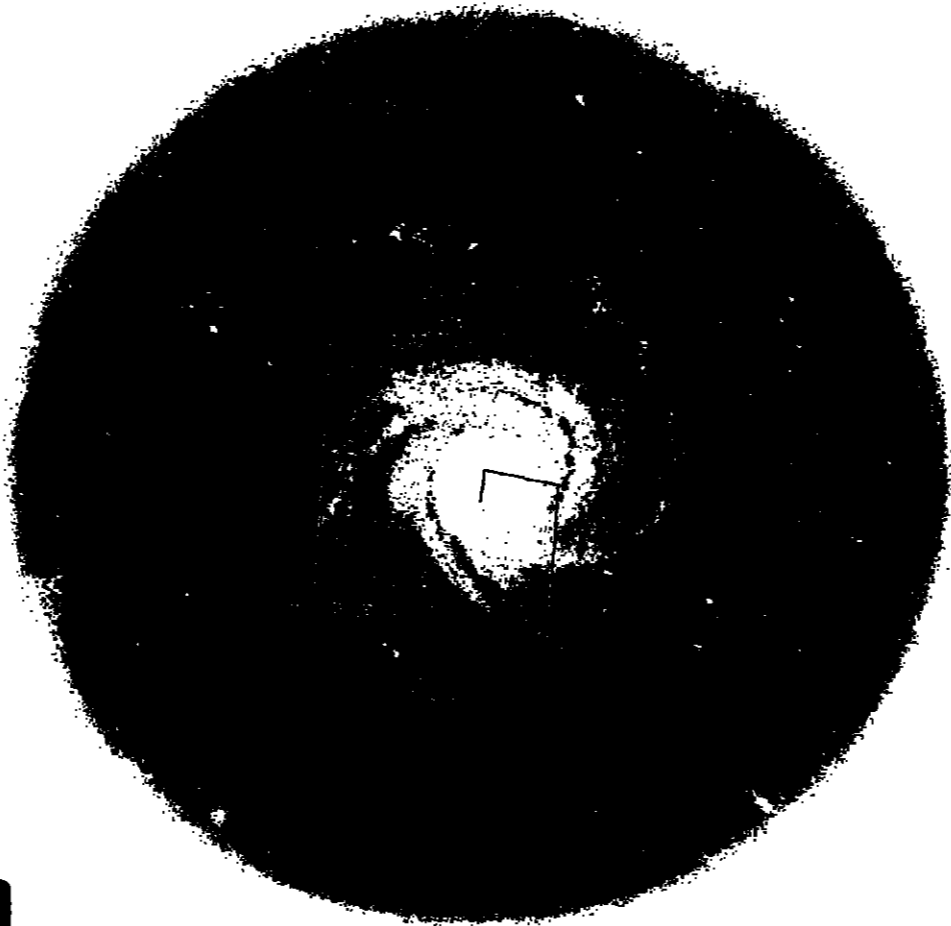
SKB is currently canvassing municipalities to see if any might be willing to have the repository built in their area, but without huge success, in spite of the promise of jobs and other business spin-offs.

Last year a town in the far north, Sidsman, looked interested, but the city fathers later turned it down, and so far there are no other obvious candidates.

"We're in no hurry," says Sten Bjurström, SKB's president, who points out that the nuclear industry is under no legal obligation to provide a final repository, provided it can store the waste safely in the meantime. If there is any pressure, he says, it is the moral obligation on the nation not to dump the problem on future generations.

And the industry does have a temporary alternative, a facility known as Clab at Oskarshamn. This is a huge underground water tank, also hewn out of granite, where containers of spent fuel are left to cool. It has enough storage space to hold fuel until about 2004, when a second cavern should be ready.

In theory, Sweden's nuclear waste problem should be finite, because a 1986 referendum requires the government to phase out nuclear power by 2010. But since nuclear accounts for half the electricity generated in the country, this is a tall order. So there is likely to be growing pressure for disposal capacity as the power stations have to be kept running.



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Forsmark: the Swedes have hewn a mile-long tunnel out under the sea

Television/Christopher Dunkley

Where fantasy, reality and memory meet

The opening episode of *Karaoke* on BBC1 this coming Sunday evening shows vividly what we lost when Dennis Potter succumbed to cancer in June 1994. He spent the final months of his life in an extraordinary race against death, swigging morphine and writing through the night, in a fight to complete an astonishing pair of dramas (the second, *Cold Lazarus*, begins on Channel 4 on May 30) which you realise with joy but also sadness as you watch, could not conceivably have been written by anyone else. The pity of it is that no other writer has learned to command the medium as Potter did — and, in these two final works, does.

He believed that in the late-20th century it was a bit effete to write for any medium other than television, which he regarded as the true national theatre. Early immersion in Christianity and socialism seems to have given him an inescapable sense of duty and, however far human foibles may have caused him to deviate from Christian and socialist principles in some respects, he never abandoned television for long. There were sorties into books, theatre and cinema, but he always came back to the small screen pretty quickly. His relationship with those who run television was often difficult, and his final demands — that *Karaoke* be produced by the BBC with repeats on Channel 4, and *Cold Lazarus* be produced by Channel 4 with repeats on the BBC — were characteristically mischievous.

It is indicative of the respect that Potter commanded that Alan Yentob, controller of BBC1, and Michael

Grade, chief executive of Channel 4, have not only spent something like £12m making these two series (the larger proportion, it is said, being paid by Channel 4 which had to use much state-of-the-art machinery and computerised equipment for *Cold Lazarus*) but have fulfilled Potter's requirements pretty well to the letter. In each case repeats will be on the competitor channel; Ken Trodd who was responsible for much of Potter's greatest work including *Pensées From Heaven* and *The Singing Detective* but who had famously fallen out with the writer, returns as one of the two producers (the other is Rosemarie Whitman); and even though everyone in the industry knows that Trodd did not initially want Renny Rye as director, Potter did, and that wish too has been fulfilled.

And the results? Wonderful, entertaining television by a master-craftsman. *Karaoke*, in which a successful television writer, Daniel Feild, is diagnosed as more and more seriously ill, dives straight into that area which Potter made his own, where reality, fantasy and memory meet in the mind of the hospitalised patient. Are our lives the sum total of our memories? If so, can we be sure of the accuracy of those memories? How do you tell the difference between memory and fantasy? The waking, conscious writer is clearly a puppet-master, but are not we all puppet-masters inside our heads? Can we really be sure that our lives are any more "real" than the lives of the puppets?



Anna Chancellor and Albert Finney in 'Karaoke' by the late Dennis Potter: a master-craftsman to the end

of the individual. Moreover, while he appeared in the past to be questioning the very sentimentality that he exploited (most notably in the songs of the 1930s) here the sentiment is finally open and unashamed. Feild's miming to the Bing Crosby version of "Peasants From Heaven" at the end of the last episode of *Karaoke* is genuinely nostalgic about a previous age, and also an acknowledgement of Potter's own work and obsessions. But, magnificently, it is not the

end. Astonishingly with *Cold Lazarus* we find Potter making a final death defying dash into new territory: into the year 2368 and the world of *Blade Runner*. This is no mere superficial switch of venue: Potter gives us a fully realised futuristic story in which the fight is on to get back to real reality after the move into virtual reality. Feild's head has been preserved cryogenically, a frozen blue thing suspended in chemicals, and a band of future scientists, beeping around

in electric chairs shaped like the hind quarters of animals, has found a way of projecting his memories on screen like a film. A shark-like media figure wants to exploit this for the sake of a paying audience. Thus Potter's underlying concerns are the same as ever — the exploitation of the writer's experience, the prostitution of one's talents, the power of memory, the central importance of the individual view. Ever the autobiographer (whatever he may have asserted in

public, whatever he may have told himself) Potter makes a final round of the old bases: the Forest Of Dean — or "Need" as it becomes here — the place where he was born, the childhood years of innocence and knowings, the irresistible power of rote learning in church, and the eternal clash between internal and external reality. Potter's greatest work remains *The Singing Detective*, but *Karaoke* and *Cold Lazarus* serve as splendid codicils.

No other play at present in the West End has made me blink back tears so often as Harold Pinter's new production of Reginald Rose's famous American jury drama *Twelve Angry Men*.

In this play — you may well know the film, with Henry Fonda, the 12 members of a jury move from an initial vote of 11 guilty versus one innocent to an eventual unanimous vote of not guilty. That is all. We do not know whether the not guilty vote is correct. We never see the accused, or the victim, or the judge, or the prosecution, or the defence. Sometimes, tears are just a soft-and-easy response to melodrama, for there are several passages when this play becomes just a juicy tale of good versus bad, or right versus wrong, and it is hard to resist a sniff at its neat twists when the bad or wrong are shown up for precisely what they are. Once or twice, they are the startled tears of recognition, for I too have a little experience of jury duty

Theatre in London/ Alastair Macaulay

A verdict on humanity

on a case of murder. Mainly, however, they are tears of gratitude. For *Twelve Angry Men*, at its base, not about guilt and innocence but about democracy. And it moves us most deeply when it shows us that men — not least these jurors — should be allowed to have their own lifestyles and opinions without being bullied or persecuted for having them. (Women too, by implication. But this is a men-only jury.)

Some of these 12 men reveal a great deal about themselves during their deliberations, while others reveal little; and this too is part of the play's point. It gives honour to privacy and self-display alike. All 12 are beautifully individualised as characters, but Rose's finest achievement

that level. It is never dull, expounds the facts of its case with exemplary pacing, and is often funny. I love the way it ends, with the virtual anti-climax of the jury filing out. No courtroom astonishment, no journalistic sensation. Just a complex sense of humanity left hanging in the air.

Pinter's direction is excellent. There are some of the usual problems found when British actors attempt American accents; there are a few too many extended-arm gestures, one of which is held far too long; and two or three of the actors are allowed, in their slightly exaggerated depictions of certain very American types of aggression or loudness or callowness,

Concerts/David Murray

Enticing Ravel and Stravinsky

The London Symphony's ex-principal conductor, Michael Tilson Thomas, rejoined them last week at the Barbican Hall to conduct an enticing pair of matched programmes. In each, the first half offered a pungent selection of shorter, less familiar pieces by Stravinsky (early, middle and late). In the second halves we got one of Ravel's two piano concerti and one of his orchestral showpieces — *La Valse* on Thursday, the second *Daphnis* suite on Sunday.

I heard the first concert, which found Tilson Thomas in his best form. There was comic flair in Stravinsky's "Circus Polka" (composed for a young elephant at Ringling Bros, Barnum & Bailey), but no crude jokes. For the elegiac 1943 *Ode*, rarely heard because difficult to programme, the conductor drew tender shadings from the LSO players, exquisitely balanced. *Agon* cracked brightly.

The "Huxley" Variations of 1964, short but extremely dense, were especially welcome in this translucent performance. It is arguably the work in which Stravinsky shows the influence of young Boulez, and even of Messiaen, most clearly. Tilson Thomas set out its gnomic, overlapping

paragraphs with delicate precision. Few of us can have heard this knotty, near-experimental piece so well played.

The conductor brought the same musicianly exactitude to Ravel's 2-hand piano concerto and *La Valse*, though the Stravinsky works — which he is recording with the LSO — might have had the lion's share of rehearsal-time.

Both these familiar pieces revealed succulent details that one had almost forgotten were there. The soloist Jean-Yves Thibaudet deserved no less; his impeccably stylish reading set a standard. In tempo, touch, pedalling and in French lyricism, he was brilliantly right.

And his account of the long, unaccompanied solo that begins the slow movement was a kind of revelation. He proved that it is possible both to keep strictly to Ravel's austere tempo, and to make something grandly eloquent of the winding melody — not just a suave exercise in French lyricism, but a colloquy of remarkable breadth and power.

Constant Lambert's lute at this movement (in *Music Ho*) as being a cold, artificial construct, seemed more wrong-headed than ever. Thibaudet is a masterly pianist.

Victor Hugo's play *Le Roi s'amuse* (1832) is best known as the basis for Verdi's classic opera *Rigoletto* (1851). But censorship obliged Verdi and his librettist Flaminio Piccini to relocate their opera to Mantua. Not only does Hugo's original concern François I of France, but it does so with lavish historical detail.

Since the libertine monarch is denounced at length it is no surprise that Hugo's play was banned after a single performance. Now Tony Harrison, adapting it in English as *The Prince's Play* at the National Theatre, has transferred it to late-19th century England, so that the royal anti-hero becomes the Prince of Wales. However, *The Prince's Play* proves remarkably anachronistic. It has enough detail to persuade us that its royal anti-hero differs from the future Edward VII but too little to make us believe in this story, either as history or as fiction.

Hugo wrote *Le Roi s'amuse* in the era when France was at last discovering the genius of Shakespeare, and in *Le Roi s'amuse*, he created the most Shakespearean protagonist that French drama had yet possessed. Tribolet, François I's hunchback court jester, is part Richard III, part Shylock, part Lear's "all licensed fool" with a dash of Lear himself (at the end, with the corpse of Blanche).

It is curious that Verdi makes the most of the Shakespearean element. Harrison makes the least of it. Harrison chooses to keep the snafu rhyme scheme that was already in 1832 the most old-fashioned feature of Hugo's dramatic writing. Odder yet, Harrison's play adds some remarkably operatic touches, especially at

the end, when Scott/Tribolet — who has, by a horrid accident, arranged the murder of his own beloved daughter — offers himself for arrest (just like José at the end of *Carmen*) and then says to us "Laugh! This is the best laugh of the night" (like Canio, who, in *Pagliacci*, kills his wife).

There is nothing wrong with shifting the action from the Renaissance to the 19th century, although the East End in which Scott lives in Richard Eyre's staging has been designed by Bob Crowley to look raffily neat, clean and uncramped. Crowley easily fulfils Hugo's tricky stage requirements, which twice place important stage action on both sides of a wall. But the result is all stagey, synthetic, unbelievable. The nocturnal scenes are so

brightly lit by Jean Kalman that characters might read books on stage.

There are just a few passages in Eyre's staging when you stop wishing you were listening to *Rigoletto*. Best is Michael Bryant, who, speaking Lord Kintyre (Saint-Vallier/Montmorency) with intense quiet and exemplary dignity, alone shows us how far the Prince's circle has slipped from decent behaviour. As "Scotty" Scott, Ken Stott has fine moments — telling Becky that she is his everything, revealing to the courtiers that it is his daughter who has been abducted, and asking them whether her beauty and innocence do not make the world "seem a better place". But Harrison and Eyre fail to make Scott the cruelly brilliant court buffoon he claims

to be and they fail, too, to make his many long speeches the big events they should be. The rhymes cripple the drama like fetters. Arlene Cockburn speaks Becky in a uniform whimper. David Westhead, as HRH, has neither glamour nor breeding enough to make his role impressive. June Watson is a good duenna, tough, venal, and credible.

Even though it is a year since I last listened to *Rigoletto*, the voices of Pasquale Amato and Tito Gobbi in the title role kept entering my head unbidden throughout *The Prince's Play*, expressing Hugo's story with a heroic force and human urgency that were utterly missing at the National Theatre. The music for Eyre's production, by Richard Blackford, is its oddest element. It keeps sounding like, of all people, Wagner. But the National's entire musical policy needs drastic revision, as does the RSC's.

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INTERNATIONAL ARTS GUIDE

AMSTERDAM

EXHIBITION
Rijksmuseum Tel: 31-20-6732121
● De Lajlike Tijd. Prontstukken van Nederlandse interieurkunst 1835-1895: masterpieces of Dutch decorative arts from 1835-1895. In this period different styles from the past were combined, resulting in so-called "neo-styles". In later times these were considered bad taste and this particular period was sometimes referred to as "The Age of Ugliness". Furniture and silverware form the backbone of the exhibition; to Apr 23
JAZZ & BLUES
Bimhuis Tel: 31-20-6233373
● Ray Brown Trio: with double bass-player Ray Brown, pianist Benny Green and drummer Greg Hutchinson in the programme "Happy Birthday Ray Brown"; 8pm; Apr 27

BALTIMORE

EXHIBITION
Baltimore Museum of Art Tel: 1-410-398-6310

BERLIN

Deutsche Oper Berlin Tel: 49-30-3438401
● Hommage à Marius Petipa: the Balletensemble der Deutschen Oper Berlin perform highlights of the ballets *Raymonda*, *Swan Lake*, *Don Quixote*, *The Sleeping Beauty* and *Paquita*; 7.30pm; Apr 28
EXHIBITION
Kunstgewerbemuseum - Tiergarten Tel: 49-30-2662902
● Internationales Kunsthandwerk der Gegenwart (1970-1990) aus Museumsbestand: exhibition of a selection of approximately 150 objects of applied art acquired by the Ostberliner Kunstgewerbemuseum and Westberliner Museum during the last 25 years. This is the first joint exhibition since the museums were united in 1990; to Apr 28
OPERA
Staatsoper unter den Linden Tel: 49-30-2082861
● Orpheus: by Telemann. Conducted by René Jacobs and performed by the Staatsoper unter den Linden. Soloists include Janet Williams, Roman Trekel, Effrat

BIRMINGHAM

CONCERT
Symphony Hall Tel: 44-121-2123333
● Rostal and Schaefer: the pianists perform works by Rachmaninov, Chopin and Pachelbel; 8pm; Apr 25

COLOGNE

DANCE
Opernhaus Tel: 49-221-2218240
● Goya: a choreography by Jochen Ulrich to music by Bo Verspaandonck, performed by the Tanz-Forum Köln; 7.30pm; Apr 25

EDINBURGH

CONCERT
The Queen's Hall Tel: 44-131-5683466
● The Scottish Chamber Orchestra: with conductor Sakari Oramo, violinist Antje Weithaas and visual artist Craigie Aitchison perform works by Halgrímsson, R. Strauss and Mozart; 7.45pm; Apr 25

GOETENBURG

CONCERT
Göteborgs Konserthus Tel: 46-31-7787800
● Göteborgs Symfoniker: with conductor Gustaf Sjökvist and clarinetist Pette Wickman perform works by Bernstein, Borodin, Sandström and Lindberg; 7.30pm; Apr 25
OPERA
Göteborgs Operan Tel: 46-31-108000

LONDON

CONCERT
Wigmore Hall Tel: 44-171-9352141
● Michela Campanella: the pianist performs variations by Brahms; 7.30pm; Apr 25
THEATRE
Barbican Theatre Tel: 44-171-6388891
● Romeo and Juliet: by Shakespeare. Directed by Adrian Noble and performed by the Royal Shakespeare Company. The cast includes Christopher Benjamin, Susan Brown, Julian Glover and Michael Gould; 7.15pm; Apr 24, 25 (also 2pm); May 1, 2 (also 2pm)

LUXEMBOURG

CONCERT
Théâtre Municipal Tel: 352-470895
● Orchestre Philharmonique du Luxembourg: with conductor Vassily Sinaisky and cellist Truls Mork perform works by Dvorák; 8pm; Apr 25

MADRID

EXHIBITION
Palacio de Velázquez Tel: 34-1-573 62 45
● Nuevas Abstracciones: this exhibition of approximately 60 paintings by 29 international artists

NEW YORK

CONCERT
The Metropolitan Museum of Art Tel: 1-212-879-5500
● Beaux Arts Trio: perform works by Hummel, Beethoven and Smetana; 8pm; Apr 26, 27
OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● Roméo et Juliette: by Gounod. Conducted by Eduardo Müller and performed by the Metropolitan Opera. Soloists include Ruth Ann Swenson, Theodoros Hatzis and Francisco Araiza; 8pm; Apr 26

OSLO

OPERA
Norske Opera Tel: 47-22-429475
● Götterdämmerung: by Wagner. Conducted by Heinz Fricke and performed by the Norwegian National Opera. Soloists include Carol Yahr, James O'Neal, Gudjon Oskarsson, Terje Stensvold, Oskar Hilibrant and Kjersti Ekeberg; 5.30pm; Apr 25

PARIS

DANCE
Théâtre National de l'Opéra - Opéra Garnier Tel: 33-1-42 86 50 22

SAN FRANCISCO

CONCERT
Louise M. Davies Symphony Hall Tel: 1-415-864-6000
● San Francisco Symphony: with conductor André Previn perform works by Mozart and Haydn; 8pm; Apr 26, 27

VALENCIA

EXHIBITION
IVAM Centre Julio Gonzalez Tel: 34-6-8863000
● Metz & Co: Los años creativos: this exhibition focuses on the "department store of the avant-garde" Metz & Co. Between 1920 and 1980 architects, designers and artists were commissioned to create products for this company. From Apr 25 to Jun 23

VIENNA

CONCERT
Konzerthaus Tel: 43-1-712111
● Marc-André Hamelin: the pianist performs works by Alkan and Liszt; 7.30pm; Apr 25



Edward Mortimer

The wrong medicine

Sanctions can be effective but there is scepticism about their use as a tool of conflict prevention rather than resolution

Lord Skidelsky, the biographer of John Maynard Keynes, will today be exploring "ways of raising the cost to China of scrapping democracy in Hong Kong".

He will point out to Britain's House of Lords that Sino-western trade is as much a Chinese interest as a western one. He will also mention the possibility of admitting Taiwan to the United Nations, if China sticks to its avowed intention of dismantling Hong Kong's elected legislative council as soon as the British colony reverts to Chinese sovereignty next year.

In other words, he will be talking about sanctions. At first sight that is surprising since yesterday, at a symposium in New York, the same Lord Skidelsky presented a paper on "Economic sanctions as a means to international health", the overall tone of which was highly sceptical.

I should know because I was a co-author of that paper, and the scepticism was more Skidelsky's than mine. I endorsed his sceptical conclusions but qualified them by pointing out some recent cases where sanctions can be said to have worked.

They helped Robert Mugabe's Patriotic Front to defeat Ian Smith's white minority regime in Rhodesia (now Zimbabwe) - though it took 14 years and a vicious guerrilla war.

They were surely a factor in the unexpectedly early and peaceful end of apartheid in South Africa. They did not bring the country to its knees, but they proved to the government and its supporters that white South Africa had very few friends in the world - and forced them to pay more attention to the advice of their few friends, such as Ronald Reagan and Margaret Thatcher.

Similarly, sanctions helped demonstrate Iraq's isolation in the run-up to the Gulf war. Since then they have inflicted crippling damage on Iraq's economy and substantially inhibited its rearmament, thus

serving to contain a regime which has twice in the recent past waged war (against Iran in 1980 and Kuwait in 1990).

However, the human cost has been very high: it is arguable that more could have been achieved, and at a lower cost in human suffering, if military force had been used to liberate the whole of Iraq instead of being confined to the Kurdish north.

They may have dissuaded Libya's Colonel Gaddafi from continuing his sponsorship of terrorism since 1982, and perhaps deterred other states from following his example.

The Haitian junta may have been encouraged to step aside in September 1994, rather than resist US military intervention, by personalised sanctions (the freezing of their personal assets in the US, and the prohibition of transactions with them by US citizens).

An anxiety to get sanctions lifted was an important motive prompting President Slobodan Milosevic of Serbia to detach himself from his former protégés, the Serb leaders in Bosnia and Croatia.

Sanctions probably played a part in bringing the UNITA faction in Angola back to the negotiating table after 1983, and thus led to the present ceasefire and peace process in that country.

The scepticism which Skidelsky and I share concerns the effectiveness of sanctions

as a tool of conflict prevention: our paper was prepared for a symposium on preventive diplomacy. The fact is that sanctions are always applied punitively - as tools of conflict resolution rather than prevention.

Of the success stories, only South Africa and Haiti are cases where large-scale violence was actually avoided. And even there, military force was far from absent.

In Haiti, it was clearly the decisive element: the junta stepped down only when an overwhelmingly superior US intervention force was literally on its way. In South Africa, the most important reason for the negotiated settlement was surely not sanctions but both sides' vision of the alternative - an escalation of violence with no foreseeable end.

What South Africa and Haiti also have in common is that in both cases the main issue was the domestic character, not the external behaviour, of the sanctioned regime.

For sanctions to be used preventively, the international community needs to make a judgment about the kind of regime likely to cause conflict, and to act on that judgment before conflict has actually occurred.

The world was prepared to make such a judgment in South Africa because there is a consensus that systematic monopoly of power by a racial minority (or a white one, anyway) is unacceptable.

In Haiti, the judgment was made for two reasons: the 1981 coup ousted a president whose election had been monitored, and certified free and fair, by the UN General Assembly; and Haiti's close proximity to the US gave the most powerful member of the United Nations a strong interest in preventing civil war there - in order to avoid a mass influx of refugees into Florida.

But sanctions by themselves actually made this problem worse, by giving Haitians economic as well as political motives for fleeing the coun-

try, and thus made US military intervention more likely.

The two factors in Haiti are not likely to coincide often elsewhere. The international community will, therefore, hardly make a habit of applying sanctions wherever an elected government is overthrown by force; still less wherever a government (whether elected or not) starts to behave in a way likely to cause conflict.

The best we can hope is that the example made of countries such as Iraq, Libya and Serbia will deter some others from behaving similarly.

None of this augurs very well for Skidelsky's proposal to threaten China with sanctions if it does not relent over democracy in Hong Kong. Certainly the threat to sponsor Taiwan's membership of the UN is less than credible since China is a permanent member of the Security Council and has a veto.

And the threat of trade sanctions is not much better following the U-turn two years ago by the Clinton administration, which meant that American trade with China was no longer conditional on improvements in human rights there.

If anything should give China pause for thought, it is the example of South Africa. The most effective sanction there was disinvestment, which was applied less for moral reasons, or by the decision of governments, than because investors perceived a mounting security risk.

For similar reasons, most western investors remain very reluctant to incur major exposure in Russia. They are not confident about political stability there, or about being protected by the rule of law.

They may well come to feel the same about Hong Kong, and perhaps about China more generally, if China insists on violating the terms of the 1984 Sino-British joint declaration and flouting the freely-expressed wishes of the people of Hong Kong.

The best we can hope is that the example made of countries which have caused conflict will deter others from behaving similarly

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171 873 5938 (please set fax to "fax"), e-mail: letters.editor@ft.com. Translations may be available for letters written in the main international languages.

No start to negotiations

From Mr Zygmunt Tyszkiewicz, secretary-general, Unice.

Sir, Robert Taylor is wrong in reporting ("Talks on part-time workers", April 18) that Unice - the European employers' federation - and the European Trade Union Confederation are to start negotiations shortly on the legal rights of part-time workers.

Had he checked his story with Unice, he would know that no such decision has been taken nor can be taken until European employers and unions have had a chance to study the Commission's consultation document on this subject, made available to them only on April 18.

The decision whether or not it would be in the best interest of employers to use the "back door" option allowed by the treaty is likely to be taken around mid-June, after full Europe-wide consultation of Unice's membership. Until then, any reports about negotiations are speculative.

Zygmunt Tyszkiewicz, secretary-general, Unice, Rue Joseph II, 40 B-1040 Brussels, Belgium

Good move for S African politics

From Obinna Ugochuku.

Sir, Observer ("New Labour", April 15) doubts Mr Cyril Ramaphosa's ability to come back into a leadership role in South African politics from a "senior rung in an industrial conglomerate". How does that work?

Non-blacks have been able to play a role in South African government partly because of the real world business skills and experience they bring to their appointments. As you rightly pointed out Ramaphosa

is still young at 42: 10 years added to that puts him at the same age as current African National Congress deputy president Thabo Mbeki is now. That is more than enough time to make a difference in the man, a black South African politician who will have spent time gaining practical exposure to business issues and making contacts in the South African private sector. If he is the astute forward thinking man he appears to be, my guess is he will maintain

strong ties within the ANC. It is not impossible that Ramaphosa could come back into South African politics probably better equipped than any black leader in his age group. The exposure to the "conglomerate" world might actually enhance his ability to reposition himself in South African politics, if the need arises.

Obinna Ugochuku, 2727 29th St, NW, Washington DC 20008, US

Hong Kong's will to build

From Ms Helen Hood.

Sir, In response to Mr Patrick Wye (Letters, April 17), I would argue that the "lack of" welfare support is not a significant factor in the success of Hong Kong. Perhaps on his visits to Hong Kong (assuming he has stayed here) he has managed to avoid seeing the street sleepers and beggars around the colony. In every society they persist to varying degrees, none less so than here. Hong Kong thrives from a generation of people and their descendants who came from China with nothing

and had the will to survive and build a future for themselves. That same will runs through the veins of Hong Kong today. It seems to me that the US with its well touted concern for the welfare of its citizens, as well as looking after minority interests, has the greatest proportion of unemployed youths of whom the majority are "minorities". People in glass houses...

Helen Hood, 29th Floor, Hennessy Centre, 500 Hennessy Road, PO Box 30827, Hong Kong

If the glove fits... buy it

From Mr John Anstis.

Sir, It was comforting to read in the FT London Stock Market report on April 23 that the purchase of US-based medical glove manufacturer Aladon Corp by London International Group has been adjudged by UK analysts to be "a good fit".

Should we expect the acquisition to be financed by a one-for-five rights issue?

John Anstis, Stratford Lodge, 4 Park Lane, Salisbury SP1 3NP, UK

Report no rebuke to 'shock therapy' applied in eastern Europe

From Prof Jeffrey D. Sachs.

Sir, Your reporter makes elementary errors of logic and fact in his story "ADB backs 'gradual' Asian reforms" (April 16). The Asian Development Bank annual report is no rebuke to "shock therapy" in eastern Europe, or to me. Serious analysts of these issues, certainly including those at the ADB, the European Bank for Reconstruction and Development, the World Bank, the International Monetary Fund, and the respective governments, understand that structural economic conditions in east Asia are vastly different from those in eastern Europe and the former Soviet Union, and therefore have called for

very different policy responses in eastern Europe and the former Soviet Union. Whereas Asian transition economies began as overwhelmingly rural, peasant societies, with only a small proportion of the labour force in state-owned industry, eastern European and former Soviet economies began their transitions as overwhelmingly urban, industrial societies. The latter economies were in need of much more drastic downsizing of loss-making heavy industry, and a much more rapid shift to services. Shock therapy (so-called) has proved, by far, to be the most effective, least-cost way to bring about these changes in eastern Europe and the former

Soviet Union. It is simplistic to compare economic outcomes of reform of labour-abundant, coastal countries such as Vietnam, with labour-scarce, land-locked countries of central Asia, since the latter have fewer opportunities for labour-intensive, export-led growth.

After six years, the record of rapid reforms in eastern Europe speaks for itself. Poland's reforms, which helped to design in 1989, have made Poland the fastest growing country in eastern Europe. Indeed, this year, per capita gross domestic product growth in Poland may outstrip the growth in east Asia. Other fast reformers, such as Estonia, Slovenia and the

Czech Republic, are also achieving rapid growth. The value of rapid reforms in eastern Europe are by now nearly universally recognised in that region (though not by your Manila-based reporter), in contrast to the confused, and contradictory reforms of countries such as Russia and some post-Soviet countries of central Asia.

Your reporter should not pick fights where they don't exist.


Jeffrey D. Sachs, director, Harvard Institute for International Development, One Eliot Street, Cambridge, Massachusetts 02138, US

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Personal View - Jose Almonte

Accommodate this ambition

China must be induced to develop a stake in the Asia-Pacific status quo

March 1996 will be remembered as a turning point in east Asia. China's brusque attempt to intimidate Taiwan and influence its presidential election shattered the region's comfortable assumption that drawing Beijing into east Asia's web of economic interdependence would moderate its political behaviour.

In fact, China has border disputes with 10 of its neighbours and claims to 2m sq km of territory - and has been involved in four local conflicts over the past generation. But the March events have renewed anxieties in east Asia about its huge neighbour and the stability of the world's fastest growing region.

For some time, east Asians have discerned opposing strains in Beijing's foreign policy. One is to modernise China's economy, for which it needs foreign markets, foreign investments and regional stability. The other is China's memory of 150 years of humiliation by the great powers, and its need to "right the wrongs of history".

We had assumed pragmatism would easily overcome nationalist sentiments. But even before testing unarmed missiles in the waters around Taiwan, Beijing had encroached on Mischief Reef in the Spratlys - only 135 nautical miles from the Philippine island of Palawan. China's claim to the Spratlys - which it disputes with five littoral states - hinges on the oil deposits the area is believed to contain, and on Beijing's new strategy of "forward defence".

China became a net oil importer in 1994. But military necessity seems an even stronger motive. People's Liberation Army (PLA) strategists have given up their Maoist guerrilla strategy in favour of building up the capability to fight a high-tech naval conflict in the China Sea and the western Pacific. We believe the PLA is using China's Spratlys claim to justify its modernisation plan, with the long-term goal of creating a powerful navy with



Steamed up: a flotilla of Chinese warships exercising last month off the south-east coast of China

international reach - which China has lacked since the early 15th century.

The Chinese encroachment on Mischief Reef concerns all the powers using the strategic sea-lanes of the South China Sea. President Fidel Ramos of the Philippines has proposed demilitarising the area, placing each disputed island under the stewardship of the claimant country closest to it - and then undertaking joint development ventures.

Only the US and Japan are strong enough to influence China's political evolution. How these three powers arrange their relationships will dictate our own security framework. Thus we regard the US-Japan relationship as the crucial regional relationship, in which we outsiders all have a vested interest.

How should its neighbours deal with China? Containment may have been justified for an ideological power like Stalin's Soviet Union. But it would be unwise to approach today's China with such a preconceived notion, when this huge and complex nation - a civilisation all by itself - is undergoing such an epic transition.

Certainly we need to discourage China's lingering idea of itself as the "Middle Kingdom", while encouraging trends that make its economy more interdependent with those of its neighbours. We must induce China to develop a stake in the Asia-Pacific status quo.

This is why the members of

the Association of South East Asian Nations (Asean) - even while judiciously building up arms inventories - refuse to commit themselves to a proposal for "prepositioning" US military supplies. But we may be sure Beijing's encroachments in the Spratlys will accelerate security co-operation among them and between them and the US and Japan.

Meanwhile, south-east Asia's goal of an Asean commonwealth should be achieved before 2000. Unification will give the nearly 500m people of the region the clout they need to become significant influences in the future world.

Another option our security experts are beginning to consider is a grouping of middle powers as a moderating influence in the region. Together with Australia and New Zealand, our 10 states can deploy economic and political weight comparable with any of the great powers. Last December's security agreement between Indonesia and Australia is a step in this direction.

The key to regional peace in the new century is accommodation of the ambitions of the rising powers - China, Japan, Russia, Indonesia, a unified Korea - for influence in regional affairs.

Because China's potential is so great and its ambitions so strong, it will not be content with remaining a regional power. And since American strategy in the Asia-Pacific

envisions its continued pre-eminence, it is easy to foresee a difficult long-term relationship between two countries keen to establish hegemony in the 21st century.

Finding this key will thus be difficult. Fortunately we have the leisure to do so. None of the regional powers faces an immediate threat, and rivalry among them has lost its ideological edge.

Unlike Japan in the 1930s, China is entering an increasingly open world economy. And America's military superiority seems assured for at least the next 15-20 years since it keeps at the cutting edge of military technology.

Meanwhile, unifying forces are at work. The market has shown its ability to transfer power peacefully from the state to institutions of civil society. Ethnic Chinese entrepreneurial networks are linking our economies. And there are embryonic multilateral institutions such as the Asean Regional Forum and the Asia-Pacific Economic Co-operation forum.

Our interim goal should be to give liberalising influences in Chinese politics time to work out. The aim is to encourage a new generation of Chinese leaders to rise, who will seek satisfaction of their country's aspirations within the regional community.

The author is security adviser to the Philippine president and director-general of the National Security Council

سكوا من الأصل

COMMENT & ANALYSIS

FINANCIAL TIMES

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Wednesday April 24 1996

A Sino-Russian exchange

President Boris Yeltsin's first trip to Beijing since the end of 1993 will tell the rest of the world very little that it did not already know. The basic message will be that China and Russia share a long border and a desire to express their independence from the US. The more important - and ominous - issue raised by the visit will be whether Mr Yeltsin, bent on re-election, learns the wrong lessons about economic reform.

For China, the visit will be a useful opportunity to develop trading links, agree on border questions in a way that could reduce separatist pressure from minorities in both countries and step up Russian arms sales to Beijing. Given the poor state of Sino-US relations, it will also be a chance for China to show it has other important friends. Mr Yeltsin will doubtless come under pressure to agree to a joint statement about resisting interference in a nation's domestic affairs.

There seems little chance, however, of a bilateral pact of greater geo-political importance. Even a three-day display of Sino-Russian rapprochement is not going to convince anyone that relations with the US are not by a big margin China's number one concern.

Mr Yeltsin, presently battling with the International Monetary Fund to receive this month's \$340m tranche of a crucial \$10.2bn loan, is in an even weaker position to claim indifference to US goals. But the pressures of the presidential election campaign have pushed him further and further in that direction in recent months.

This tactic seems to have gone down well with Russian voters, who have long blamed western-style reforms - rather than the haphazard way in which they have been implemented or the legacy of communism - for their troubles. Mr Yeltsin has gained steadily on Mr Gennady Zyuganov

In recent weeks, indeed, a poll yesterday put him fractionally ahead of the Communist chief for the first time.

The Russian desire to go it alone is twinned to another yearning, increasingly expressed, both inside and outside the Yeltsin camp, for a return to old-fashioned authoritarianism. Herein lies the immense appeal of "Chinese-style" economic reform, where the state has maintained a tight grip on the levers of power at the same time as beating western economies at their game.

The Russian government can learn many lessons from China's success, but a need for authoritarianism is not one of them. China's gradual route to the market was not open to Russia in 1989, nor is it available now.

China began as a very poor country populated by peasants on the edge of subsistence. The economy was far less industrialised than Russia's, with a far smaller proportion of the population enjoying the false security of the highly inefficient, state-run enterprises that made up the military-industrial complex. This meant that early, partial, liberalisation, in one area - agriculture - gave an enormous boost to living standards, thus providing momentum for other reforms.

Russia had none of these opportunities. The economic collapse of the first few years of reforms were an inevitable part of ridding the economy of the distortions it inherited from the Soviet era. Russia does need a stronger state. But only one that is capable, as was China's in its own way, of creating a more secure framework for private business. There is nothing in Russia's past - or in the objectives of Russian hardliners - to suggest that this can come through a rejection of democracy. Democracy is a good in itself. It is also essential for economic reform.

Labour rules

In his eight-month courtship of British business, Mr Tony Blair, the Labour party leader, has offered too little by way of detailed policy to underpin his intended message of reassurance. Yesterday's speech, which marked the end of Labour's Business Tour, was no exception. It tackled traditional gulf between the opposition and business, but has provoked more controversy within Labour than it has outside.

The speech set out to tackle the perceived concern that "Labour reaches for regulation" in its approach to business. Mr Blair's comments on employment law have won most attention.

His support for the Maastricht Treaty's social chapter and for "minimum standards of fair treatment at work" is not new. However, his declaration that "jobs for life have gone", which jarred with many in his party, does represent a further incremental change in Labour's thinking. It acknowledges that work patterns are changing, he suggests that helping people acquire skills may do more for job security "than legislation alone". Labour's recognition that such forces are at work will be welcome to many businesses.

Beyond that point, however, Mr Blair is vague. He insists that his notion of the "stakeholder economy" does not imply more rules. He means, he says, simply "a change in corporate culture, where companies understand that the route to stability and prosperity in the future is through recognising the value of treating employees as partners in the enterprise, and developing relationships with customers and suppliers on a long-term basis". But if companies do not agree that this is the path to prosperity - more rules, or not? Mr Blair is silent.

On a broader front, Mr Blair rightly points out that the government has created many of the rules which its "anti-red tape" drive is designed to remove. But this initiative's fate under Labour is unclear. So, too, are the principles of a Labour competition policy. Would it favour the interests of "national champions" over the creation of competition within the UK? How would it view takeovers, particularly by foreign companies? Labour says it will publish more detailed proposals soon. While the tour has been an imaginative attempt to address business concerns, it needs to be followed rapidly with a clear statement of Labour's position on the questions at the heart of industrial policy.

Relieving debt

The proposals from the World Bank and International Monetary Fund for relief of the debt of the most grievously indebted to poor countries have, inevitably, run into difficulties, some technical and some more fundamental. None the less, there is optimism that these will be solved by the time of the annual meetings at the end of September. They need to be, since the burden of unpayable deadweight debt is crippling the efforts of these countries at self-improvement.

Fortunately, the meetings in Washington this week have seen a general acceptance of the case for rescheduling the 8 to 20 countries with unsustainable debt, over a fifth of which is due to international financial institutions. The devil, as usual, is in the detail and, in this case, that detail is mind-numbing. There are two fundamental concerns, however: first, how to fund the IMF's share of the debt relief operation; and, second, how to divide the burden between bilateral donors and the international financial institutions.

Resolution of the first matters because it will determine whether or not the IMF can make its required contribution. Germany and Japan, in particular, believe that sales of the IMF's gold would set an undesirable precedent. A

proposed solution is to "ring-fence" these sales. The more fundamental point is that the gold no longer serves a useful monetary purpose and should be used for something more valuable, such as the proposed debt relief.

The second concern is partly about whether bilateral creditors will relieve enough of their debt. Overall, they account for 58 per cent of the total sums outstanding from the target countries. In some cases they will have to increase the proportion of the bilateral debt to be relieved above the 57 per cent agreed at the end of 1994. Some donors are more willing to consider this than others.

Also important, however, is the willingness of bilateral creditors to contribute to the facility intended to deal with the debt due to the World Bank. The concern here is one of equity. If the needed sums - \$250m to \$350m a year is being mentioned - came entirely from the Bank's net income, this would be at the expense of other potential borrowers, who are in a worse position to bear the cost than the industrial countries.

Above all, the burden of unsustainable debt needs to be lifted both swiftly and equitably. Failure to resolve these relatively trivial problems by September would be quite inexcusable.

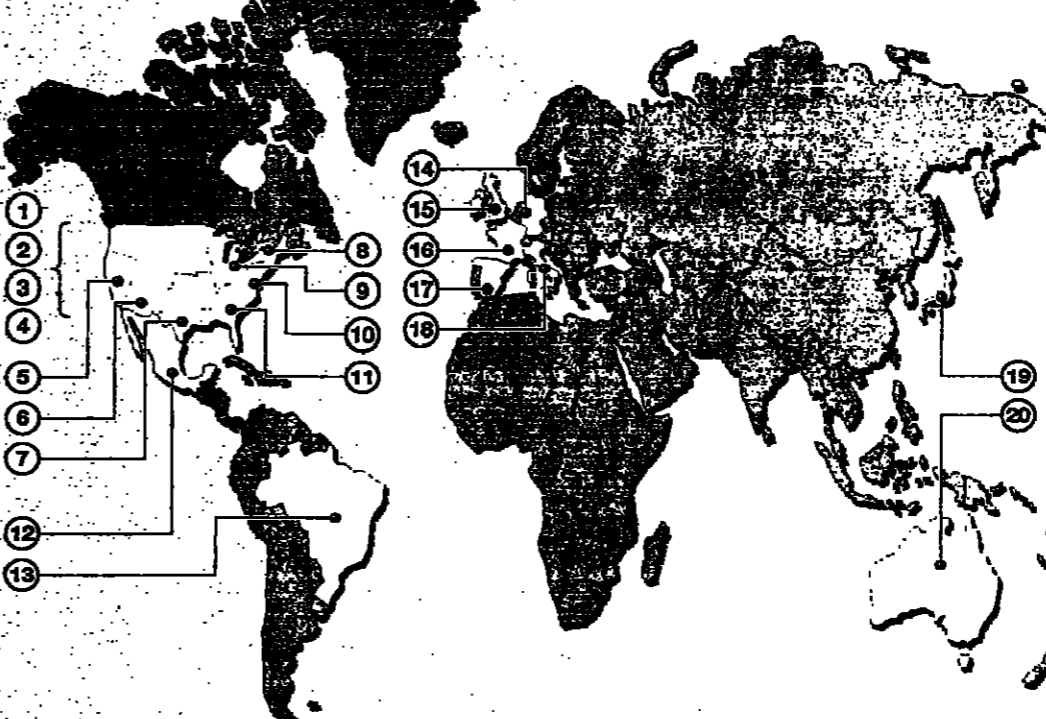
Telecoms: generating cash on an impressive scale

1 AT&T	2 GTE	3 MCI	4 Sprint	5 Pacific Telesis	6 US West	7 SBC	8 Nynex
1993 Total revenue: 66,261 Pre-tax profit: 8,003	1994 Total revenue: 77,094 Pre-tax profit: 7,518	1993 Total revenue: 11,262 Pre-tax profit: 1,045	1994 Total revenue: 15,338 Pre-tax profit: 1,289	1993 Total revenue: 9,244 Pre-tax profit: 230	1994 Total revenue: 10,294 Pre-tax profit: 744	1993 Total revenue: 10,690 Pre-tax profit: 2,050	1994 Total revenue: 11,819 Pre-tax profit: 2,434

9 Ameritech	10 Bell Atlantic	11 BellSouth	12 Telmex
1993 Total revenue: 11,885 Pre-tax profit: 2,223	1994 Total revenue: 12,570 Pre-tax profit: 1,741	1993 Total revenue: 15,880 Pre-tax profit: 1,605	1994 Total revenue: 16,844 Pre-tax profit: 3,403

13 Telebras	14 Deutsche Telekom
1993 Total revenue: 5,134 Pre-tax profit: 417	1994 Total revenue: 7,736 Pre-tax profit: 944

15 BT	16 France Telecom	17 Telefonica	18 Telecom Italia	19 NTT	20 Telstra
1993-94 Total revenue: 13,675 Pre-tax profit: 2,756	1994-95 Total revenue: 13,675 Pre-tax profit: 2,662	1993 Total revenue: 1,300,417 Pre-tax profit: 153,791	1994 Total revenue: 1,590,842 Pre-tax profit: 230,758	1993-94 Total revenue: 6,652,476 Pre-tax profit: 118,906	1994-95 Total revenue: 7,037,262 Pre-tax profit: 147,755



It's good to talk: existing global alliances

Concert: joint venture between BT and MCI to form global supercarrier for multinationals

GlobalOne: supercarrier joint venture between France Telecom and Deutsche Telekom

WorldPartner: supercarrier company AT&T, Unisource, KDD and Singapore Telecom

In the wings:
BT and Cable & Wireless merger

High-flyers seek second wind

The rash of mergers and alliances in the telecoms industry reflects fears of stagnating revenue and declining profits, says Alan Cane

The telecommunications industry is prodigiously profitable. The leading telecommunications operators are, for the most part, awash with cash. For many, it is easier to buy a competitor with a promising product or service than to develop their own.

The Geneva-based International Telecommunication Union estimated 1994 revenues for the global business, taking in the computing and audiovisual sectors, at \$1,430bn, equivalent to 5.9 per cent of the world's gross domestic product. The average operating margin, a measure of profitability, is estimated to be 40 per cent of revenues. No wonder the sector is a darling of the investment community.

The end of the lode may be in sight, however. Growth of the basic business of providing telephone lines and services is falling rapidly, at least in developed economies. Price regulation and new competition are gnawing away at profit margins. Monopoly profits will fall gross operating margin. The average operating margin, a measure of profitability, is estimated to be 40 per cent of revenues. No wonder the sector is a darling of the investment community.

Such fears of stagnating revenue growth and declining profits in what has been one of the world's highest flying businesses are a principal cause of the rash of mergers and strategic alliances now convulsing the global industry.

The most recent example is the proposed merger this week between Bell Atlantic and Nynex, two of the seven "Baby Bell" regional opera-

tors created after the break-up of the Bell System monopoly in the early 1980s. If the regulatory authorities agree to the plan, it will create the second largest US telecoms company, capitalised at about \$5bn.

Three weeks ago, two other Baby Bells, SBC Communications and Pacific Telesis, announced that they were merging to create a \$60m telecoms giant. Other alliances involving the remaining three Baby Bells are in prospect.

The deals, which have been some months in preparation, were triggered by the passage this February of the 1995 US telecoms bill. This radical measure removes the regulatory barriers that have separated the telephone, cable and broadcast industries. In particular, it allows long-distance operators such as AT&T, MCI and Sprint to compete in regional markets, and local operators like the Baby Bells to compete in the long-distance market.

The logic behind the Bell Atlantic/Nynex deal is particularly compelling. The companies operate in contiguous areas on the eastern seaboard, enabling them to compete for the lucrative revenues from long-distance calls between them.

Furthermore, Nynex has a majority stake in Nynex Cablecomms, a UK-based cable television operator which - like all cable companies in Britain - is permitted to offer both conventional telephone services and entertainment. Nynex is also a principal investor in Flag, a project to construct a fibre-optic cable between Europe and Asia-Pacific. Yesterday, it signed an agreement with Sprint Communications, the third largest US long-distance operator, which will allow Nynex into the long-haul market. These assets will give the merged company a significant international presence.

The bigger US operators have all sought a wider role in global markets in recent years, but such ambitions have been diverted by the passage of the telecoms bill. Coming soon after Washington's multi-billion dollar auction of cellular phone licences last year, it has turned the attention of the US industry inwards at a time of unprecedented activity elsewhere.

Outside the US, international alliances hold centre stage. The immediate cause of excitement has been the revelation a month ago that the two largest UK telecoms companies were in discussions which could lead to a merger. British Telecommunications and Cable & Wireless are hoping to create a \$33bn giant which could become the first truly global telecoms operator.

It is a development which should concern AT&T and other US operators with international ambitions. Yet one senior manager with extensive international experience says: "The Americans are distracted by what is happening in the US. I do not believe that what is happening with BT and C&W is central to their thinking. While the French and Germans are probably alarmed at the prospect of such a powerful competitor, AT&T is probably marginally irritated."

There is no guarantee that BT and C&W can make the merger work. Their top managers and financial advisers are locked in talks which seem set to go on for some weeks.

The geographic fit between the two companies is impressive, however. BT has been building a strong European presence and has a foothold in north America through its 20 per cent stake in MCI, the second

largest US long-distance operator. C&W has a clutch of overseas holdings - the most important a majority stake in the very profitable Hongkong Telecom, key to the Chinese mainland.

The prospect of a deal is enough to set pulses racing among the top management of almost every other telecoms operator as they evaluate the likely consequences of it. All face acute challenges in their home markets from a combination of technology, regulation and liberalisation. Of the three, technology in the form of digital transmission, fibre optics, microelectronics and wireless telephony is possibly the most insidious and corrosive. Not only does it make it cheaper for new competitors to enter the market, it reduces the profit margins on services in liberalised markets.

Something similar happened in the computer industry, where large companies such as IBM and Digital Equipment were forced into restructuring as prices fell faster than overheads. Telecoms switches these days are simply large computers and subject to the same price collapse.

Regulation is a further hazard. In newly liberalised markets, regulators control prices to protect customers from undue price increases and encourage competition. It is widely believed in the industry that BT's plans to invest heavily abroad are designed to counter increasingly tough price controls in the UK.

Competition, the purpose and inevitable consequence of liberalisation, is also driving prices down in developed markets. The larger operators must defend their home markets while building revenues abroad. The largest have formed "supercarriers" to compete for the business of the larger international

companies: BT and MCI, for example, have a joint venture called "Concert"; the Deutsche Telekom and France Telecom company, GlobalOne, opened for business this year. AT&T continues to work with a consortium of smaller operators it calls WorldPartners.

For all these reasons, the world's telecoms operators must encourage greater use of the telephone and other telecoms services and seek economies of scale and operating efficiencies. Inevitably they will move into broadcast and on-demand entertainment: the involvement of the Baby Bell US West with the cable companies Time Warner and Continental Cablevision is a pointer to the future.

The most eloquent pointer, however, is the state of the US airline industry. Close parallels can be drawn between the two businesses: in the airline business, liberalisation resulted in cut-throat price competition which drove weaker operators out of business and damaged some larger ones.

The same pattern is expected in telecoms. Within a decade, there will be only a handful of global operators competing for the business of the world's major companies. Mergers which would have been unthinkable a few years ago will have thinned their numbers.

It is, for example, no longer impossible to envisage a merger between Deutsche Telekom and France Telecom. The weaker will have gone to the wall, found market niches or secured alliances with the industry giants. Deals such as the merger between Bell Atlantic and Nynex or, if it comes off, BT and C&W represent more than just commercial opportunism. They are the stuff of survival in an increasingly unfriendly world.

OBSERVER

Silver linings everywhere

Let no-one tell you that times are hard in Russia. Sun, the average Russian is a useful money earner and should be used for something more valuable, such as the proposed debt relief.

The second concern is partly about whether bilateral creditors will relieve enough of their debt. Overall, they account for 58 per cent of the total sums outstanding from the target countries. In some cases they will have to increase the proportion of the bilateral debt to be relieved above the 57 per cent agreed at the end of 1994. Some donors are more willing to consider this than others.

Also important, however, is the willingness of bilateral creditors to contribute to the facility intended to deal with the debt due to the World Bank. The concern here is one of equity. If the needed sums - \$250m to \$350m a year is being mentioned - came entirely from the Bank's net income, this would be at the expense of other potential borrowers, who are in a worse position to bear the cost than the industrial countries.

Above all, the burden of unsustainable debt needs to be lifted both swiftly and equitably. Failure to resolve these relatively trivial problems by September would be quite inexcusable.

Sensual empire

French backs are closely

watching Sogreah, the obscurely named media conglomerate spanning Le Figaro, France Soir and numerous regional papers controlled by Robert Hersant until his death on Sunday. The group's financial health is being reassessed, though it's rumoured to be heavily indebted to several French banks which themselves are looking none too chipzy.

Hersant was equally reserved concerning his private life; there's no mention of any offspring in his entry in Who's Who, yet he created quite a personal empire, marrying several times and fathering eight children.

One son, Philippe, missed out on the job as Hersant's successor at Sogreah; that instead went to Yves de Chateaufort. But Philippe remains chairman of another Hersant creation, Fraps-Antilles, whose assets include newspapers in the rather sun-kissed settings of Guadeloupe, Martinique, Reunion and Tahiti. Life's certainly tough at number two.

A novel plot

It's not often a novelist is pressed into becoming president of a country, though Gabriel Garcia Marquez would no doubt have preferred the offer had arrived in slightly different guise.

A clandestine extremist group calling itself Dignity for Colombia has just demanded that the Nobel

literary prizewinner assume the presidency of Colombia. If he agrees, the group says it will release Juan Carlos Gaviria - brother of former president Cesar Gaviria - whom the group claimed it kidnapped on April 2, in order to press for the resignation of President Ernesto Samper.

Garcia Marquez modestly rejected the demand because he thinks he would make "the worst president" in Colombian history. Not that bad, surely?

Peruvian penalty

The faint-hearted may be advised to look away as south America's football World Cup qualifying contest gets under way today. Football, the world's biggest sport, is becoming increasingly difficult to escape, whichever hemisphere you live in. Europe stages the finals of its own football championship in England in June. Meantime, Europe starts its qualifying competition for the 1998 World Cup today, as does Latin America.

Nine South American countries will struggle for a place at the 1998 World Cup finals, in a drawn-out qualifying contest in which glory is the penalty for failure. On the other hand, Latin American countries that normally receive only negative publicity view the football World Cup as their greatest opportunity to redress the balance

Tumbling act

It would indeed be difficult to make this one up. It seems the practice of church ministers holding services dressed as clowns is taking off in parts of Sweden; the diocese of Vaesteras, some 60 miles west of Stockholm, is organising a clown course.

Several ministers in the Swedish Lutheran Church have already independently taken clown courses; teaching the new course is British church minister and clown Roly Bain, the founder of the Holy Fools association, which claims about 200 members in England.

His more orthodox colleagues suggest Bain is poking fun at the church. Not so, says Joan Donkin, a consultant with the diocese in Vaesteras: "He presents the Gospel with humour (and) creates environments which result in meetings with God."

God, this is Coco - Coco, God.

100 years ago

Australian banking

People who have followed the course of Australian banking for the past few years have ceased to be taken by surprise by rumours affecting the reconstructed banks in the colonies, so that the announcement which appears in the "Melbourne Argus," just to hand that one, or possibly two more of these institutions, are about to seek concessions from their creditors is received in a very philosophic way. The "Argus," which is the leading daily paper in Melbourne, states in a very authoritative manner that certainly the Australian Joint Stock Bank, and possibly the Queensland National Bank, have to ask their creditors for a reduction of the rate of interest on deposits.

50 years ago

Montreal's refunding

The plans for refunding Montreal's debt are gradually taking shape. The city's executive chairman said that bids to refund the U.S. portion of the city's debt would probably be called in four instalments, starting with \$30,610,000 on 1st June. It has not been decided whether the Canadian refunding will be in instalments or in a single block.

Backing of former Communists essential

Prodi aims to move fast to form new government

By Robert Graham in Rome

A new Italian government could be formed quickly in the wake of the centre-left's victory in Italy's general elections...

Prodi's party would not enter the government but would form part of the parliamentary majority...

Mr Veltroni and Mr Prodi underlined their commitment to meeting the challenge presented by the League...

Japanese may adopt US mobile telephone standard

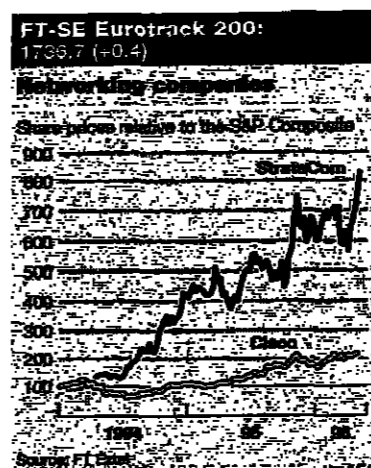
By Michio Nakamoto in Tokyo

Japanese mobile phone companies are considering adopting a US standard for digital telephones to use radio frequencies more effectively...

THE LEX COLUMN

Bottoms up

Rémy Cointreau's comparatively upbeat trading statement, which spurred a 4 per cent rise in its shares yesterday, hides a multitude of sins...



that is British Energy, which looks a bargain. Alternatively, Southern Company could bid for National Power and Southern Electric together...

Chechen rebels deny Russian claims that leader is dead

By Chrystia Freeland in Moscow

Russian troops fired shots into the air yesterday following reports by a state news agency that Mr Dzhokhar Dudayev, the Chechen separatist leader, had been killed...

Dudayev's death to the agency's office in Grozny, the Chechen capital. But Mr Sainudi Khasanov, one of Mr Dudayev's aides, denied the report...

only been strengthened in our hatred of the aggressor. Tass also reported that Mr Dudayev's deputy had taken over as the new commander...

all-singing, all-dancing networks capable of carrying voice, data and video traffic at high speed. Supplying the equipment to run such networks will require skills in both voice and data networks...

Multimedia networking

This week's \$4m purchase of StrataCom by Cisco, the Internet's leading supplier of networking kit, underlines the sea-change in the world of communications...

Southern/UK power

The decision facing Southern Company is tricky and urgent. Do not be deceived by the US camp's disappointed noises; National Power's extravagant offer for Southern Electric of the UK makes it easier for Southern Company to woo the generator's shareholders...

Rentokil/BET

The battle for BET, billed as one of the most boring bids of recent years, is packing a good deal of excitement into its last week. By persuading some of its leading institutional holders to put their mouth where their money is...

Merger plan hits Mexico telecoms group

Continued from Page 1

groups against Telmex, would lower the probability of a damaging price war such as the one which occurred in Chile when the long-distance telecoms market became a free-for-all in 1994...

telecoms groups in providing long-distance services. But it is also a reflection of the difficulties the Mexican companies were experiencing in raising their required investment in the midst of a deep recession...

had \$1bn in our pockets. Alestra's five-year investment plan has been maintained at \$1bn, which has effectively halved the capital outlays of the partners in the new venture...

However, in addition to effective use of frequencies, the CDMA standard offers the possibility of shifting users of analog cellular phones to digital phones with the least disruption...

Europe today: Most of western Europe will be cooler and cloudy, with sunny periods. Inland areas will have showers, and the UK will be cloudy with light rain. A wide area from Poland, across the southern Alps and into northern Italy will have showers with some thunderstorms...

FT WEATHER GUIDE: A weather map showing pressure systems (LOW, HIGH) and temperature forecasts for various cities across Europe and the world.

Another vintage year for the Flemings Food and Drinks Team. A collection of six boxes detailing acquisitions and mergers: 1. Kazzard Limited (£280 million) acquisition by Allied Domecq plc. 2. Associated British Foods plc establishment of a joint venture between British Sugar and Guangxi Yishou Sugar Development Head Company. 3. Arnot's Biscuits Limited acquisition of PT. Bukit Manikam Sakti in Indonesia. 4. Dalsep (\$70 million) merger with Cavaghan & Gray Ltd to form Cavaghan & Gray Group PLC. 5. International Distillers & Vintners Ltd establishment of a joint venture between International Distillers Co. Limited and Qufu Distillery in Shandong Province, China. 6. US\$110 million Alliance with Clover SA, The South African Dairy Company.

سكندا من الأصل

COMPANIES AND FINANCE: EUROPE

Bouygues restates 1995 loss at FF2.9bn

By Andrew Jack and David Owen in Paris

Bouygues, the French construction group, yesterday re-issued its 1995 results, adjusted by more than FF1bn, in a highly unusual move triggered by pressure from the government's accountability regulator.

The group dropped FF1.2bn in exceptional write-downs which it had intended to make, largely to cover start-up costs for the launch of its mobile telephone network. This reduces its loss for the year from more than FF4bn to FF2.9bn (\$688m), against net income of FF1.73bn in 1994.

The move followed a board meeting yesterday at which the group's directors resolved to follow the advice given by the CNC, the state-backed national accountability council, that the provisions did not conform with accounting norms.

Bouygues stressed that its own auditors continued to support the original proposals for the write-offs, which were to have covered all the development costs of the telephone network up to 1998. It added that its auditors included a former head of the CNC.

The write-offs covered Bouygues' paging operations, but mainly represented the costs of FF7.5 per cent-owned Bouygues Telecom, which will operate the third mobile telephone network authorised in France, set to be launched on May 29.

KHD sees cut in losses despite falling sales

By Michael Lindemann in Cologne

Klöckner-Humboldt-Deutz (KHD), the German company which almost collapsed last year, yesterday said sales and profit were better than expected in the first quarter. KHD reported a net loss of DM4.8bn (\$1.6bn), less than the DM5.8bn forecast last year.

Mr Anton Schneider, who came from the troubled Bremer Vulkan shipbuilding group to take over at KHD last May, said that despite the poor start this year the company forecast sales for the full year of DM4.8bn, up from DM3.3bn last year.

RTL initial results point to strongest year to date

By Frederick Stüdemann in Berlin

RTL, Germany's largest commercial television network, recorded a turnover in 1995 of DM2.57bn (\$1.59bn) and net advertising revenues of DM1.96bn, making last year the most successful in its history.

The MCA rights deal concerns the extension of an existing deal between RTL and the US company which gives the German network access to MCA television programmes until the end of 1997. The cost of extending the deal is put by industry analysts at DM1bn.

Spain's most profitable bank group ahead in first quarter

By Tom Burns in Madrid

Banco Popular underlined its status as Spain's most capitalised and profitable banking group yesterday when it posted first-quarter net attributable income of Ptas1.4bn (\$114m), a rise of 5.9 per cent against the first three months of last year.

A trend which can have negative effect on net lenders on the interbank market such as Popular, the group posted a robust 7.8 per cent year-on-year increase in net interest income, to Ptas4.4bn.

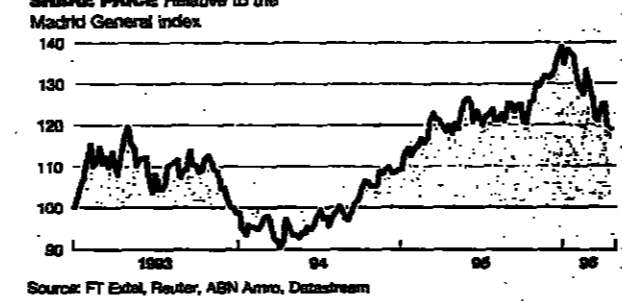
Over the quarter, the Bank of Spain lowered its benchmark intervention rate by 0.75 percentage points. But Popular's relative financial margin on March 31 - its net interest income as a percentage of average total assets - represented 5.3 per cent. This was ahead of the ratios reported by other leading banks.

PROFILE

BANCO POPULAR

Market value: \$5.05bn Share price: 21.650pta

	1993	1994	1995	1996	1997
Turnover	201bn	204bn	222bn	235bn	248bn
Net Income	53.9bn	64.6bn	57.5bn	64.4bn	70bn
Earnings per share	1,886	1,990	1,988	2,228	2,422
Dividend per share	790	850	835	1,050	1,190



Source: FT Data, Reuters, ABI Amro, Datastream

any realignment of the domestic financial sector. In contrast Banco Santander and Banco Bilbao Vizcaya, Spain's two dominant financial institutions, are believed to be studying the absorption of other domestic banks.

Autoliv shares jump on strong quarter

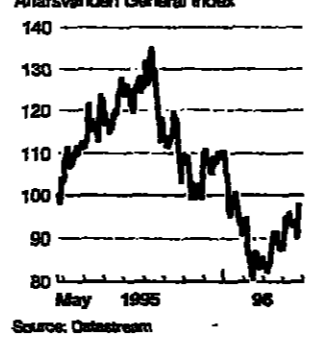
By Hugh Carnegie in Stockholm

A surprisingly strong first quarter performance fuelled yesterday's 8 per cent jump in the shares of Autoliv, one of the world's leading car airbag and seatbelt suppliers.

The Swedish group's shares rose SKr28 to close at SKr385 to give a retrenchment boost to Mr Gunnar Bark, who was in his last day as chief executive. He reported that pre-tax profits in the first three months had risen more than 20 per cent from SKr247m in the same period last year to SKr300m (\$44.7m). Some analysts had predicted a fall in profits.

Mr Bark, who hands over today to Frenchman Mr Paul Charley, said Autoliv had benefited from stronger than expected car production levels in Europe, the group's biggest market. Car production had reached the same levels in the first quarter as during the same period last year instead of the reduction Autoliv had anticipated.

Autoliv



Source: Datastream

Mr Bark said he saw a doubling of global frontal airbag sales by the year 2000 to 40m. He said the more recently developed side-airbags could grow even faster, from a few hundred thousand in 1995 to 30m.

VW cautions despite surge

By John Griffiths

Shares in Volkswagen, Europe's largest carmaker, yesterday rose DM6.75 to close at DM548.75 after the company posted one of the best first quarters in its history. But it warned it was expecting only "marginally" higher sales and profits this year.

First-quarter net profit at Volkswagen jumped from DM13m to DM118m (\$76.5m) in the period, on sales up 15 per cent from DM21bn to DM24.5bn. World-wide deliveries of cars and commercial vehicles were also 15 per cent higher, at 946,915 units. Earnings for the parent group rose from DM75m to DM95m.

Nevertheless, brokers appeared disappointed by Volkswagen's continuing deep caution about its full-year prospects, against the background of 1995's net profit, which was more than doubled to DM338m on sales only 10 per cent higher at DM388m.

Anglo American Platinum Corporation Limited (Amplats)
Rustenburg Platinum Holdings Limited (Rustenburg)
Potgietersrust Platinums Limited (PP Rust)
 (All companies incorporated in the Republic of South Africa)

Results of capitalisation share awards and rights of election to receive instead interim cash dividends

The rights of election to receive interim cash dividends instead of the awards of capitalisation shares were made to shareholders registered at the close of business on Friday, 15 March 1996. Details relating to each company are set out below. The new shares will be listed on The Johannesburg Stock Exchange from the commencement of business on Wednesday, 24 April 1996 and, where applicable, on the London Stock Exchange as soon as practicable. Share certificates for capitalisation shares and cheques in respect of the interim dividends and fractional payments will be posted to shareholders on Wednesday, 24 April 1996.

Anglo American Platinum Reg. No. 59/02518/06

Capitalisation shares were awarded on the basis of 2,508,620 shares for every 100 existing shares held. Elections were received for an interim cash dividend in respect of 43,554,128 shares. Accordingly, the interim dividend of 56 cents per share has been declared on those shares and 1,370,157 new shares have been allotted in terms of the capitalisation share award. Following the issue of the capitalisation shares the issued share capital of Amplats will consist of 174,255,044 ordinary shares of 5 cents each.

Rustenburg Platinum Reg. No. 05/22152/06

Capitalisation shares were awarded on the basis of 1,164,413 shares for every 100 existing shares held. Elections were received for an interim cash dividend in respect of 9,953,016 shares. Accordingly, the interim dividend of 76 cents per share has been declared on those shares and 1,370,157 new shares have been allotted in terms of the capitalisation share award. Following the issue of the capitalisation shares the issued share capital of Rustenburg will consist of 128,992,524 ordinary shares of 10 cents each.

Potgietersrust Platinums Reg. No. 01/08353/06

Capitalisation shares were awarded on the basis of 1,668,733 shares for every 100 existing shares held. Elections were received for an interim cash dividend in respect of 19,064,303 shares. Accordingly, the interim dividend of 33 cents per share has been declared on those shares and 1,762,483 new shares have been allotted in terms of the capitalisation share award. Following the issue of the capitalisation shares the issued share capital of PP Rust will consist of 126,044,735 ordinary shares of 2.5 cents each.

Johannesburg
 24 April 1996

KVÆRNER

Notice of general meeting

The annual general meeting of Kvaerner ASA will be held at 1400 on Friday 10 May 1996 in Kvaerner's offices at Hoffsvælen 1, Oslo. Ballot papers will be issued at the above address between 1300 and 1400 on the day of the meeting.

The agenda will be as follows:

- Report by the group president
- To consider and adopt the profit and loss account for 1995 and the balance sheet at 31 December 1995 for Kvaerner ASA and for the group
- To consider the allocation of the result after taxes in accordance with the adopted profit and loss account, and the distribution of dividend

The board proposes a dividend of NOK 6.50 per share for 1995, to be paid on 30 May 1996 to the company's shareholders at the date of the general meeting as registered in the Norwegian Registry of Securities.

- To consider a proposal that the board be authorised to increase the share capital by up to NOK 37,500,000

It is proposed that the board be authorised to increase the share capital by up to NOK 37,500,000, consisting of up to 3,000,000 shares each with a par value of NOK 12.50. This authority is to be exercised in connection with any full or partial acquisition of or merger with other businesses, and thus comprises a capital increase against payment otherwise than in money. The board's authority will apply to both share classes, and includes allotment of the new shares within these share classes and stipulation of the subscription price. The shareholders waive their preferential right to subscribe under section 4-2 of the Norwegian Joint Stock Companies Act. The authority is valid until the annual general meeting in 1997, and includes the right to amend article 3 of the articles of association.
- To consider a proposal to amend the articles of association

As a consequence of the European Economic Agreement, Norway's Joint Stock Companies Act has been amended with effect from 1 January 1996 to distinguish between small (private) and large (public) limited companies. As a listed Norwegian limited company when the amendment to the Act came into effect, Kvaerner ASA is a public limited company. The articles of association for a public limited company must specify that the company is a "public limited company" (allment aksjeselskap in Norwegian), and the company name must contain the words "public limited company" or the abbreviation ASA. It is proposed to bring the articles into line with this requirement by amending article 1 to read as follows:

"Art 1. Form of Company, place of business and name
 The company is a public limited company with its business office in Oslo.
 Its name is Kvaerner ASA."

- Election to the board
- To approve the auditor's fee

The annual report, including the financial statements and auditor's report, and the articles of association have been mailed to shareholders with this notice. The annual report and this notice are also available for inspection at the offices of Kvaerner ASA at Hoffsvælen 1, Oslo. Shareholders may call +47 22 96 70 00 for copies.

Shareholders wishing to attend the general meeting, either personally or by proxy, must give notice of this in writing to Kvaerner ASA, c/o Den norske Bank ASA Verdiverdservice, P O Box 1171, Sentrum, N-0109 Oslo. Such notice must be received not later than Monday 6 May 1996. Shareholders may, if they wish, appoint Kasper K Kleiland, chairman of the board, or Erik Tanseth, group president, to act on their behalf.

Oslo, 16 April 1996
 Kvaerner ASA
 The board of directors

Kvaerner ASA

JCI Limited

(Registration number 66/0288/06)
 (All companies mentioned are incorporated in the Republic of South Africa)

GROUP GOLD MINING COMPANIES

Summary of reports quarterly ended 31 March 1996

Randfontein Estates

The Randfontein Estates Gold Mining Company Limited
 Registration number 01/00251/06

	Quarter ended	Nine months ended
	31.03.96	31.12.95
Ore milled - tons (000)	1 836	1 834
Yield - grams per ton	2,85	3,04
Working cost - per ton milled	R130,09	R129,77
- per kilogram produced	R48 722	R42 706
	R000	R000
Profit before tax	27 076	28 137
Profit after tax	26 452	25 135
Dividend	-	33 625
Capital expenditure	14 375	13 274

Western Areas

Western Areas Gold Mining Company Limited
 Registration number 02/0209/06

	Quarter ended	Nine months ended
	31.03.96	31.12.95
Ore milled - tons (000)	675	721
Yield - grams per ton	6,75	6,58
Working cost - per ton milled	R259,67	R243,24
- per kilogram produced	R38 471	R35 920
	R000	R000
Profit before tax	56 078	58 422
Profit after tax	55 874	53 570
Dividend	-	36 108
Capital expenditure	77 689	101 891

H. J. Joel

H. J. Joel Gold Mining Company Limited
 Registration number 03/0195/06

	Quarter ended	Nine months ended
	31.03.96	31.12.95
Ore milled - tons (000)	172	198
Yield - grams per ton	5,67	5,65
Working cost - per ton milled	R262,22	R240,92
- per kilogram produced	R49 707	R42 655
	R000	R000
(Loss)/profit from gold	(1 753)	3 048
Capital expenditure	35 660	28 682

An announcement of the results of the R400 million rights offer is published in the press today.

All figures are unaudited. Quarterly reports have been mailed to the shareholders of each company. Copies of the reports may be obtained from JCI (London) Limited, 6 St James's Place, London SW1A 1NP.

Johannesburg
 24 April 1996

سكاي انالاجي

150 من الالصل

COMPANIES AND FINANCE: EUROPE

NEWS DIGEST

Hersant deputy to head Socpresse

Mr Yves de Chaisemartin, long-standing deputy to Robert Hersant...

Speaking on French radio yesterday, Mr de Chaisemartin rejected suggestions that the Hersant group...

Hypo-Bank operating result up

Hypo-Bank, the German bank, announced a 30.5 per cent rise in operating results before risk provisions...

SBC in deal on StanChart unit

Swiss Bank Corporation yesterday agreed in principle to acquire Standard Chartered's private banking business...

Standard Chartered said the disposal was part of its strategy of focusing on its main activities...

SBC also announced the acquisition of a private client portfolio with \$1bn of capital under management...

Cable venture opens credit line

Philips Communication and its joint venture partner, the US cable television group United International...

Cost cuts lift Esselte pre-tax

Lower costs helped Esselte, the Swedish office products group, report a 15 per cent increase in pre-tax profits...

Wintershall boosts turnover

Wintershall, the oil and gas subsidiary of German chemical company BASF, announced a 6 per cent increase in group turnover...

A series of joint-ventures and co-operation deals with the Russian gas company Gazprom were instrumental in lifting group turnover...

Wintershall said it expected oil output to rise to more than 7m tonnes in 1996 and gas output to increase to 2.5bn cubic metres...

Institutions buy Romanian stake

Ervia, a leading private Romanian company, has raised \$10m in one of the country's first international private placements...

Van Leer offer range set

The offer price in the flotation of Van Leer, the Dutch packaging group, was yesterday set at between Ft 23 and Ft 32 per share...

Sandoz investors back merger

Sandoz, the Swiss biotechnology group, said 99.8 per cent of shareholders at its extraordinary general meeting yesterday approved its proposal to merge with Ciba...

Linotype-Hell in DM74.7m loss

Linotype-Hell, the German pre-press company, planned to reduce losses drastically during the current year after sustaining a net loss of DM74.7m (\$49.3m) in 1995...

Enichem slips in first quarter

Enichem, the Italian chemicals group, said its operating profit in the three months to March was L220bn (\$142m), 24 per cent lower than a year earlier...

Atlas Copco increases sales

Atlas Copco, the Swedish engineering company, said sales in the three months to March 31 were SKr6.094bn (\$899m), up 7 per cent from a year earlier...

German executives discover a nice little extra

Moves towards share options for top managers are likely to provoke controversy, writes Wolfgang Münchau

Having preached the virtues of social responsibility for decades, German companies have discovered shareholder value...

Many companies are considering options which not long ago they would have treated with contempt...

German accounts give fewer details than US accounts and allow companies to value some of their assets more conservatively...

But perhaps the most significant illustration of the cultural upheaval taking place in German boardrooms is the rush towards executive share options...

Continental, the tyre company, and BHF-Bank have run

small-scale option schemes for some time. But the issue touched a sensitive nerve only when it became known that Daimler-Benz and Deutsche Bank...

When Daimler and Deutsche Bank set a trend, others are likely to follow. Mr Ron Sommer, Deutsche Telekom chairman, said he also wanted share options...

However, not all are happy about German executives' enthusiasm for share options. Trade unions are just discovering their potential danger...

Mr Bernhard Wurl, a senior official at IG Metall, the metal workers' union, said at an internal meeting at Daimler-Benz recently that share options may run counter to a trade union's interest...

Those opposed included Mr Klaus Zwickel, president of IG

IF THIS IS THE ENGLISH DISEASE, I DON'T MIND CATCHING IT



board decided to force the issue and won by 11 votes to nine, a rare case of a controversial policy being introduced on a contested vote...

Metall and Germany's most prominent trade unionist, who argued that share options would make the management focus too much on share price...

A movement towards Anglo-Saxon habits is perceptible, but it is still slow and certainly not prevalent. Daimler-Benz may have introduced share options...

As one observer at a US bank noted: "It is strange that while everybody introduces executive share options, the basic salary packages are not coming down..."

At Daimler-Benz, the value of the options will remain a fraction of the basic salary, unless the share price rises considerably...

Yet there appears to be wide agreement that German companies are finally abandoning cosy corporatism in exchange for the unknown quantity of shareholder value...

stands its significance.

The divided vote on Daimler-Benz's supervisory board has shown that there is no consensus in Germany about the notion of shareholder value as it is widely understood in the US or the UK...

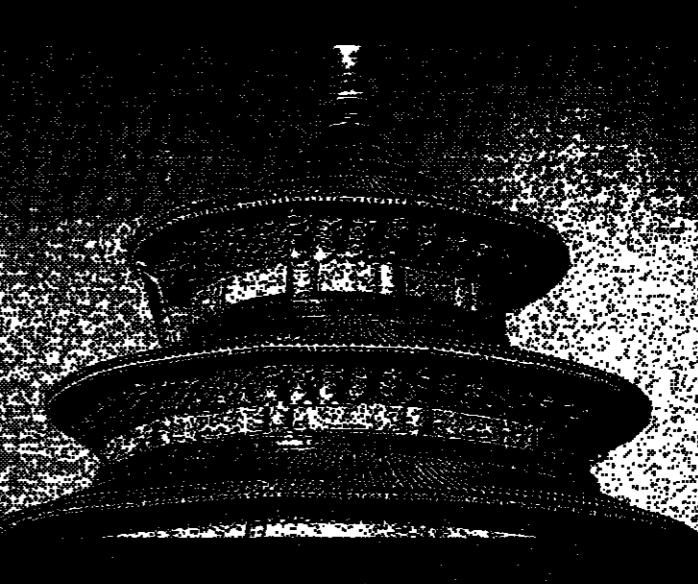
In a country where pay differentials between top managers and assembly line workers are among the lowest in the world, two outcomes are likely: either the option element of the pay package will remain small and thus symbolic...

By giving way to heavy pressure from its investors, Daimler-Benz has chosen to risk controversy. Not every German company will do likewise.

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You don't want a bank that's just jumped on the emerging markets bandwagon. You want one that's driving it. So, for cash management in Kazakhstan or syndicated loans in Singapore...



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COMPANIES AND FINANCE: ASIA-PACIFIC/INTERNATIONAL

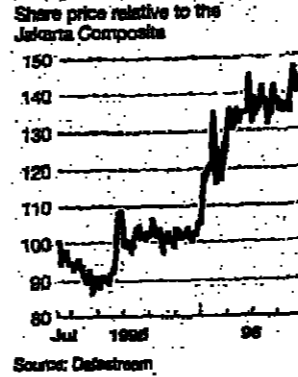
Bimantara Citra doubles year's profits

By Manuela Saragosa in Jakarta

Bimantara Citra, the Indonesian holding company controlled by President Suharto's second son, reported 1995 net profit more than doubled on the previous year, exceeding its forecasts.

Net profit rose from Rp54.9bn to Rp117.8bn (\$60.8m) on turnover up from Rp644.4bn to Rp702.2bn. Bimantara had been indicating it would report net profit of Rp111bn for 1995 and is predicting net income of Rp158bn-Rp160bn this year, representing growth of about 35 per cent.

Bimantara Citra



Source: DataStream

duce a "national" car together with South Korea's Hyundai Motors, even though he has not received the same concessions as his brother.

NEWS DIGEST

China to resume bond futures trading

China plans to allow the resumption of bond futures trading after suspending such trading last May following a scandal on the Shanghai stock exchange, in which one of the country's largest securities firms sought to manipulate the market.

Mr Yang recently told a conference of representatives of companies listed on the Shanghai stock exchange that the exchange would encourage the issue of more B-shares, which are denominated in US dollars, and offer foreign companies secondary listings.

Sasol enjoys legacy of South Africa's former isolation

The phasing out of protectionist measures in the country will hardly affect the synthetic fuel producer, writes Mark Ashurst

South African business historians should reserve a chapter for Sasol, the synthetic fuels producer, in their account of the transition from apartheid pariah to a modern economy.

per cent of Sasol's synthetic fuel output, buying in direct proportion to their market share.



A Sasol inspector checks pastilled hard wax for quality

an equitable, efficient and internationally competitive dispensation. There is no justification for Sasol's already healthy profits to be boosted by taxpayers' subsidies.

With South Africa's liquid fuels requirement growing by about 1.5 times GDP growth, and likely to exceed existing capacity by 2000, the extent of the government's ambition for

Sasol cannot obscure the attraction of this market for traditional oil companies. Mr Jacques Piccard, energy analyst at Smith Borkum Bare,

NZ Telecom in multimedia buy

Telecom NZ, the Wellington-based telecoms group, has acquired DVP, a privately-owned multimedia company based in Brisbane, for an undisclosed sum.

Telecom NZ, which is already heavily involved in providing resale services in Australia through its Pacific Star unit, said that the acquisition of DVP was part of its strategy to develop new media, Internet and telecommunication markets.

Advice on goodwill from ASC

The Australian Securities Commission, the industry watchdog, said yesterday that it would release next month an "issues paper" on the vexed question of how bidders for mining companies should treat goodwill arising as a result of the acquisition.

Memtec, the listed Australian filtration company, is to pay US\$62m for Seitz Filter Werke, a leading German producer of filter media for the food and beverage industries.

Intel, Sharp boost flash technology

By Michio Nakamoto in Tokyo

Intel of the US, the world's largest semiconductor maker, and Sharp, the Japanese electronics company, have jointly produced advanced semiconductor technology that makes it possible to produce smaller flash memory chips.

duction of the chips has been carried out individually. Together, Intel and Sharp have about 45 per cent of the market, according to Dataquest, the consultancy. Intel has announced plans to invest \$1bn in a new facility in Israel dedicated to flash memory chip production, while Sharp is investing a similar amount in a new line it is building in Japan.

JCI bucks trend as profits fall 3.4%

By Mark Ashurst in Johannesburg

The run of sharply increased quarterly profits from South African gold mines ended yesterday as JCI posted a 3.4 per cent drop in after-tax profit for the March quarter to R77.1m (\$18.1m), compared with R79.8m in the previous quarter.

However, the decision to sell forward all production at Western Areas mine until 2004 had not compromised the gain from higher bullion prices. The average gold price received at the mine was R49,182 against R46,378. "It is a very flexible hedge with lots of upside potential. That is the best price of anyone in the industry," said Mr John Brownrigg, head of the gold division.

AEGON N.V. registered in The Hague, The Netherlands. Shareholders are invited to attend the Annual General Meeting of Shareholders to be held at the AEGON headoffice, 50 Mariahoeveplein, The Hague, The Netherlands on Wednesday, 15 May, 1996 at 2.30 p.m.

USINOR SACILOR Net dividend: FRF 4. The Board of Directors, meeting under the chairmanship of Mr Francis Mer on Thursday 18 April, reviewed the final consolidated accounts of the group and approved the accounts of Usinor Sacilor, the parent company, for the year 1995.

PolyGram DIVIDEND 1995. At the annual general meeting of shareholders of PolyGram N.V. held on 23 April 1996 a dividend in cash for the financial year 1995 has been declared of 6.95 Netherlands guilders per share on the company's outstanding common shares of 8.50 Netherlands guilders par value.

Commonwealth Bank Australia. Commonwealth Bank of Australia ACN 123 123 124 (successor in law to the State Bank of Victoria). U.S. \$125,000,000 (Current amount outstanding U.S. \$100,000,000) Undated Capital Notes.

Handwritten Arabic text: كسبنا من الاجل

صكرا من الامم

COMPANIES AND FINANCE: THE AMERICAS

Telmex slides 25.3% at operating level

By Daniel Dombey in Mexico City
Teléfonos de México (Telmex), the country's largest private company and monopoly operator of long-distance telecommunications, suffered a 25.3 per cent fall in operating profits in the first quarter of 1996, as spending cuts failed to keep pace with falls in the company's revenues.

3.7bn pesos (\$502m), compared with 5bn pesos for the first quarter of 1995. Net profits surged to 3.5bn pesos from a loss of 561m pesos a year before, when Telmex had been badly affected by foreign exchange losses.

The company's operating margin stood at 25.4 per cent. Telmex linked the decline in sales to the fact that telephone charges lag behind the rate of inflation, despite a price increase at the beginning of the year that made up some of the ground.

A more inflationary environment in which technology becomes obsolete at a faster pace. However, the company made clear that while it was considering an imminent increase in domestic long-distance rates, it would maintain prices in real terms below the levels of before the 1994 devaluation of the peso.

Mr Cerezo thought Telmex's revenues would start to show year-on-year growth by the fourth quarter of his year, though he agreed that the company might lose 10 to 20 per cent market share in 1997.

Salomon surges to \$276m for first term

By Maggie Urry in New York

Salomon, the parent of the Salomon Brothers investment bank, recorded its third best quarter ever in the first three months of 1996, with net income up from \$61m in the same period of 1995 to \$276m. Earnings per share were ahead from 59 cents to \$2.21 fully diluted.

NEWS DIGEST

Nynex ahead 19% in first quarter

Nynex, the New York-based telephone company which on Monday announced a \$51bn merger with Bell Atlantic, raised its first-quarter net income by 19 per cent before exceptional items, to \$362m. It also announced a two-year pact with Sprint, the long-distance phone company, to attack US long-distance markets.

Revenues rose 6 per cent to \$3.5bn. Access lines grew 5 per cent, while minutes of use rose 11 per cent. The joint cellular venture with Bell Atlantic increased revenues by 30 per cent. Nynex CableComms, the UK cable-TV subsidiary, increased subscribers by 82 per cent. Earnings per share rose 15 per cent before exceptional gains to 63 cents.

Nynex said 960 employees had taken early retirement in the quarter, giving rise to a net charge of \$66.5m. Under a staff reduction plan initiated in 1994, between 17,000 and 18,000 employees are due to leave by 1998, giving rise to total net charges of \$1.3bn.

Bristol-Myers sharply up

Strong volume growth enabled Bristol-Myers, the US health and consumer products group, to report record first-quarter earnings, up from \$657m to \$726m, and from \$1.29 to \$1.44 a share. The group said sales volumes grew 12 per cent, while prices were stable, but unfavourable exchange rates cut 1 per cent from revenues. Revenues rose 11 per cent to \$3.7bn in the quarter.

Pharmaceutical sales rose 14 per cent, led by a 47 per cent increase in sales of Pravachol, a cholesterol-lowering drug, to \$255m and a 59 per cent rise in sales of Taxol, an anti-cancer agent, to \$200m. Consumer product sales rose 10 per cent, while revenues from medical devices, such as replacement knee and hip joints, fell 3 per cent. Nutritional products, such as infant formula, increased sales by 16 per cent.

Although the earnings were at the top of forecasts, the shares retreated 3% to \$81 1/4 in early trading.

Monsanto below expectations

Weakness in global chemical prices and increased advertising in the food products division led Monsanto, the US chemicals conglomerate, to report disappointing first-quarter earnings yesterday. Earnings per share were \$2.17, compared with analysts' expectations closer to \$2.32 a share, but 7 per cent ahead of the \$2.02 per cent a share it earned in the same period last year. In early trading in New York, Monsanto shares dropped 2% to \$154 1/4.

Margins, however, improved for the company as net income rose 14 per cent to \$280m from \$229m on revenues that were nearly flat at \$2.3bn. Operating profits were mixed for Monsanto's four primary divisions.

Turner warns of write-offs

Turner Broadcasting warned that cash flow in its first quarter would be halved by write-offs due to poor box office returns at one of its film-making units, Castle Rock Entertainment. Turner is in the process of being taken over by Time Warner, subject to regulatory approval.

The company said write-offs would total \$50m. Operating cash flow in last year's first quarter was \$66m, down from \$102m the year before. Castle Rock, which makes low-budget films, was acquired in December 1993. Turner's shares fell 3% to \$27 1/4.

International tobacco lifts RJR Nabisco

By Richard Tomkins in New York

RJR Nabisco, the US tobacco and food group that last week defeated the corporate raider Mr Bennett Lebow in a proxy fight, yesterday reported another quarter of back-to-back growth in its underlying businesses, with international tobacco providing the nearest thing to a bright spot.

However, Mr Steven Goldstone, chief executive, said he was confident that "based on what we've seen in the first

quarter, we can deliver on our commitment of a strong overall operating and earnings performance for the year".

Net income after preferred stock dividends rose 13 per cent to \$187m, and earnings per share were 12 per cent ahead at 57 cents, but special factors helped these bottom line figures. Operating profits rose only 3 per cent to \$64m.

As before, the results fell short of those reported by Philip Morris, RJR Nabisco's bigger and more successful rival. Last week Philip Morris

reported a 15 per cent increase in first quarter net income to \$1.6bn - nine times the figure reported by RJR Nabisco.

The best-performing part of RJR Nabisco's business was international tobacco, which lifted its contribution to operating profits from \$170m to \$197m, an increase of 16 per cent. The rise resulted from a 28 per cent growth in volume.

RJR Nabisco said volume in the former Soviet Union set a record for the region, and Asian markets continued to exceed expectations, but these

gains were partly offset by a small decline in western Europe.

In the US, RJR Nabisco's tobacco operations increased their contribution by just 3 per cent to \$380m. The company's flagship Camel brand increased volume by 9 per cent, but total full-price volume was only slightly ahead. Overall US volume fell slightly because of a decline in sales of the company's cheaper brands.

The group's Nabisco food operation, which reported separately on Monday, did less well

than the tobacco business. Operating profits from the international food side rose from \$44m to \$50m, but this gain was more than offset by a tumble in domestic profits from \$201m to \$188m, caused by tough competition in the US biscuit market.

After an \$11m pre-tax charge for the cost of the proxy fight with Mr Lebow, after-tax profits were unchanged at \$198m, but a fall in the charge for preferred stock dividends enabled the company to show an advance at the bottom line.

Continued growth at Northern Telecom

By Robert Gibbons in Montreal

A drive into fibre-optic network installation and overseas expansion continued to fuel growth at Northern Telecom, Canada's biggest manufacturer of telecommunications equipment.

The company yesterday posted a 33 per cent rise in net profits for the first quarter of 1996, to US\$82m, or 32 cents a share, from \$61m, or 24 cents, last time. Revenues were \$2.6bn, up 16 per cent from \$2.25bn. A rise in orders of 31 per cent to \$2.6bn reflected growth in North America and Europe. The results were in line with most forecasts.

Revenues were strong in the US because of good growth in network equipment business. Besides the gains in Europe, Nortel did well in the Caribbean and Latin America, partially offset by a decline in the Asia-Pacific region. Canadian revenues improved.

Selling, general and administrative expenses were 18 per cent of revenues against 20.3 per cent a year earlier. Research spending was US\$402m or 15.5 per cent of revenues, against 14.4 per cent, reflecting rising activity in the wireless and broadband communications sectors.

"Order input in broadband networks indicates the impact of the US Telecommunications Reform Act, and customers are preparing for more competitive conditions," said Mr Jean Monty, president.

Nortel is controlled by BCE, Canada's biggest communications group.

Coinciding with yesterday's results came news that the company had won a \$500m contract to supply WorldCom, one of the world's largest multimedia network carriers, with specialist equipment.

WorldCom said the deal would help expansion in its supply of voice and data access services, Internet access, video transmission and multimedia applications.

Abitibi-Price, Canada's biggest newspaper producer, posted first-quarter earnings of C\$72m (US\$52.5m), or 31 cents a share, up from C\$30m, or 34 cents, a share a year earlier, on sales of C\$700m against C\$680m. However, the result was lower than the final quarter of 1995.

Takeover costs put Disney in red

By Christopher Parkes in Los Angeles

A \$25m one-off charge to cover the cost of taking over ABC/Capital Cities and associated accounting changes helped drive Walt Disney, the leading entertainment group, into a loss of \$25m in its second quarter.

Net income excluding the non-recurring items matched analysts' predictions at \$268m, or 47 cents a share - down 15 per cent from \$316m, or 60 cents, last time. Even so, the group share price fell 1 1/4% to \$61 1/4 in early Wall Street trading.

Operating income for the quarter rose 8 per cent to \$65m on revenues of \$4.5bn.

The company, which last year reinforced its top management and is currently producing new films and television programming at near-record rates, said sales from these operations - bundled together as "creative content" - increased 13 per cent to \$2.4bn, compared with \$1.9bn.

But operating income fell 37 per cent to \$262m, despite big international successes such as Toy Story, the ground-breaking computer-animated movie still setting records in the international market in the wake of Pocahontas.

The company said creative results had been affected by the release of fewer live action movies in the domestic market and write-offs associated with



Pocahontas: an international success for Disney

scrapped projects in the development phase.

The comparable quarter's results were also bolstered by the video release of The Lion King.

Theme parks and resorts, several of which are undergoing substantial facilities and updates, also reported a 15 per cent increase in revenues to \$1.1bn from \$920m.

Attractions in Florida and California, home of the original Disneyland, drew record attendances for the time of year, the company said, although the parks' operating

income slipped 17 per cent to \$62m.

Broadcasting revenues, basically unchanged at \$1.4bn, laboured under the effects of a soft advertising market, although the newly-acquired ESPN television sports network is said to be performing strongly.

Disney also said the board had approved a new stock repurchase programme allowing the company to buy back a maximum of 104.5m shares. The programme replaces a similar one approved before the acquisition of Capital Cities.

Ex-Viacom chief joins MCA

By Tony Jackson in New York

Mr Frank Biondi, who was abruptly dismissed as chief executive of the US media group Viacom in January, has been appointed chairman and chief executive of MCA, the entertainment group.

The much-rumoured appointment had been a matter of dispute between Viacom chairman Mr Sumner Redstone and MCA's owner, the Canadian drinks group Seagram.

The MCA job, one of the most prominent in Hollywood, had been vacant since Seagram bought MCA from Matsushita of Japan a year ago. Attempts by Seagram chairman Mr Edgar Bronfman to hire the Hollywood agent Mr Michael Ovitz had broken down, with Mr Ovitz instead moving to Walt Disney.

Seagram's more recent attempts to hire Mr Biondi had been blocked by Mr Redstone, who cited a non-competing agreement signed by Mr Biondi while at Viacom. As the price of waiving the agreement, Mr Redstone was reported to be seeking to vary the terms of a joint cable-TV venture between Viacom and MCA.

Mr Biondi said yesterday: "Mr Sumner had asked to have some conversations with MCA before releasing me from the non-compete agreement. Yesterday he called me and said since we hadn't been able to reach a resolution, it was time for me to get on with my life." He said Mr Redstone's talks



Frank Biondi: undecided about MCA buying a TV network

with MCA were continuing.

In dismissing Mr Biondi after a nine-year partnership, the 72-year old Mr Redstone had blamed him for being slow to react to a downturn in earnings at Viacom's Paramount studio. Mr Biondi said yesterday: "The irony is that when the dust settles in 1996, I think Paramount will have had one of the best years in its history."

Mr Biondi, who will also join the Seagram board, said his chief emphasis would be on

developing MCA's highly successful recorded music business. "You'd need to be deaf, dumb and blind not to see that as the most attractive part of the business," he said.

Mr Biondi said he had yet to form a view on whether MCA should own a TV network as a means of securing distribution for its output. "It's a hard question to answer. I haven't seen inside the business. Every studio needs access to a network. The question is whether you need to own it."

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H.J. Joel Gold Mining Company Limited

(Registration number 05/01956/04) ("H.J. Joel" or "the Company") (Incorporated in the Republic of South Africa)

RESULTS OF THE OFFER TO ORDINARY SHAREHOLDERS

In terms of the H.J. Joel rights offer to its ordinary shareholders of 164 606 848 new ordinary shares of one cent each ("new shares") at a subscription price of 250 cents per share ("the offer"), subscriptions were received for 157 172 977 new shares, representing 95.49% of the offer.

In accordance with the underwriting agreement, JCI Limited and Anglo American Corporation of South Africa Limited have procured subscriptions and/or subscribed as principals for the balance of the new shares.

Share certificates in respect of the new shares will be posted today.

On behalf of the Board

W.A. Nain J.F. Brownrigg

Johannesburg 24 April 1996

The Republic of Venezuela U.S. \$269,582,000 Collateralized Floating Rate Bonds due 2008 USD Discount Series A

The Republic of Venezuela U.S. \$236,696,000 Floating Rate Bonds due 2008 USD Debt Conversion Series B

COMPANIES AND FINANCE: UK

Company considers selling its Hush Puppies shoe stores
Sears slumps to £120m loss

By Christopher Brown-Humes

Sears, the retail group, yesterday said it was considering selling its Hush Puppies shoe stores as it slumped to a £120.7m pre-tax loss from profits of £158.8m in the year to January 31.

Trading profits fell from £148.6m to £106m.

Mr Liam Strong, Sears chief executive, said the 123 Hush Puppies stores were being "reviewed" because they overlapped with some of the group's other businesses, and lacked their size and growth prospects.

The British Shoe Corporation had a disastrous year in 1995, with trading profits slumping from £38.1m to £7.5m on sales 2.2 per cent lower at £904.5m.

The operation grappled with difficult trading conditions, a poor performance by Dolcis, and stock problems caused by a poorly-managed change from old to new formats.

There was also a disappointing performance from Freemans, the mail order business, particularly in the second half when the group found it hard to recruit new agents.

By contrast, Selfridges, the group's flagship department store, had a strong year, lifting trading profit by 21.8 per cent

to £24.6m and turnover by 14.7 per cent to £278m.

NatWest Markets has lowered its forecast for 1996-97 profits to £110m from £120m-£125m, citing the continuing problems at British Shoe and Freemans.

But the shares still rallied 1.5p to 98.5p on the belief that the group should be over the worst of its troubles.

The final dividend was maintained at 2.5p, giving 3.95p for the year. Losses per share were 7p (earnings 7.5p).

Babcock blames Saudi Arabia for expected loss

By Tim Burt

Babcock International, the process engineering and materials handling group, yesterday issued a profits warning after blaming political tension between Britain and Saudi Arabia for a big fall in orders.

The company - confirming reports in the Financial Times last week - accused Riyadh of cancelling contracts following Britain's decision to rescind the deportation order against Mr Mohammed Al-Massari, the leading Saudi dissident.

Shares in the group fell 15.4p to 113p after it said that its failure to win \$20m of orders from Saudi Arabia would contribute to an £18m operating loss in the year to March 31.

Mr John Parker, chairman, said three important civil engineering deals had been cancelled - the largest of them on the day after Mr Al-Massari

was given leave to appeal against his deportation.

"If this situation is not resolved it will create long-term difficulties for British companies," he added.

Other engineering companies, including John Brown Engineering and Davy - the Trefalgar House subsidiaries, admitted they had also lost orders.

Shares also fell yesterday in some of the UK's largest defence-related companies, which have significant potential exposure to Saudi Arabia. British Aerospace fell 14p to 864p, GKN shed 13p to 979p and Vickers ended the day down 8p at 253p.

Saudi officials said that all contracts were judged on commercial and not political grounds. But Babcock has decided not to bid for any further deals until the political climate improves.

Harvey Nichols valued at £148m

By Louise Lucas in Hong Kong

Harvey Nichols, the Princess of Wales' favourite department store, has maintained its reputation for high price tags with its pending flotation.

The shares are to be priced at 270p, at the top of the indicative range, valuing the London store at £148.5m (£224m). The pricing puts the stock on a historic p/e of 26.

Dickson Concepts, the Hong Kong luxury goods retailer which bought the store from Burtons in 1991 for \$51m and is now selling 49.9 per cent, will receive about \$54m from the deal, to be taken as an exceptional profit, net of expenses, of about \$54.8m. It will boost the Hong Kong company's treasury chest to more than HK\$1.2bn.

Mr Dickson Poon, chairman of Dickson Concepts, said yesterday that the offering of 24m shares had attracted provisional orders in excess of 15 times. This suggests the additional allotment of 3.45m shares will be triggered, leaving Dickson with 50.1 per cent of Harvey Nichols.

Mr Poon also outlined ambitious expansion plans, including a new exclusive franchise and distribution agreement, and a blueprint to open 50 shops in south-east Asia.

It plans to open 27 shops in the colony this year, including two Warner Bros Studio Stores and under the new franchise deal with Joan & David, the US women's wear clothes label, the group will open six outlets in Hong Kong, Taiwan and Singapore.



Joseph Wan, chief executive, right, and Clive Morton, finance director, announcing the share price at the Knightsbridge store

Barclays chief leaves in strategy dispute

By William Lewis

A senior executive of Barclays, the UK's second largest bank, has resigned following a dispute over strategy and structure.

Mr Tony Vine-Lott has left his post as head of Barclays retail stockbroking and trustee

activities after his plan for a shake-up of his division was put on hold.

It is understood Mr Vine-Lott's proposals were rejected by Mr Martin Taylor, chief executive of Barclays, and he was effectively forced out.

Mr Vine-Lott was unavailable for comment.

BET boosted as three reject bid Huntleigh rise buoy shares

By Geoff Dyer

BET received a huge boost yesterday to its defence against a hostile £2.1bn (£3.2bn) takeover bid from Rentokil when three institutional investors, representing nearly 10 per cent of the shares, came out publicly against the offer.

The news represented a significant coup for Mr John Clark, BET's chief executive, and suggested that the bid battle, which Rentokil has been a strong favourite to win, will be

considerably closer than most predictions.

However, Rentokil, the rival business services group, also improved its position by buying 6.5 per cent of BET's shares in the market and received the public endorsement of Standard Life, which has about a 3 per cent stake in BET.

The offer closes on Friday, and BET can call on the support of 17.25 per cent of the shares, after M&G, its largest shareholder, declared on Friday it would reject the bid. Rentokil now has the backing of around 13 per cent.

By Simon Kuper

Shares in Huntleigh Technology jumped 75p to 889p yesterday, valuing the medical equipment group at more than £550m, (\$977m) as it reported pre-tax profits of £12.5m for 1995.

The group, traded on the USM, plans to seek a Stock

Exchange listing by mid-June, but would not issue new shares.

The outcome compared with profits of £5.66m last time, struck after an exceptional provision of \$3.1m against a claim by the US government, which has since been settled without admission of liability. Stripping this out, profits

showed a 32 per cent rise.

The group said exports to continental Europe in the first quarter of 1996 were "particularly strong", suggesting "further progress" in performance in the first half of the year. Huntleigh is this year to open a sales office in Kuala Lumpur, hoping to profit from growth in Asian healthcare.

RESULTS

Table with columns: Company, Period, Revenue (£m), Profit (£m), EPS (p), Dividend (p), etc. Lists results for various companies like Alexander Workwear, Connet, etc.

NatWest postpones buy-back decision

National Westminster Bank yesterday indicated that no decision was likely soon on whether to use some of the proceeds from the \$3.56bn sale of Bancorp, its US retail banking subsidiary to buy back its own shares, writes George Graham.

Lord Alexander, the bank's chairman, told shareholders at yesterday's annual meeting that any decision on a buy-back was "a long way in the

future". It kept the option open yesterday when shareholders voted without dissent to authorise the company to buy back up to 100m shares, roughly 6 per cent of its capital.

Since its agreement to sell Bancorp to Fleet Financial, NatWest has spent \$472m on buying the Garmore fund management business, and has been eyeing other targets in sectors such as life assurance.

LEX COMMENT
Sears

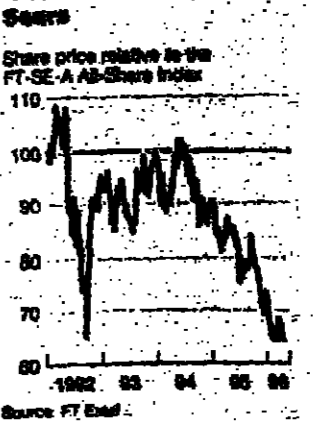
Sears' slide into loss after exceptional charges hardly covers its chief executive Mr Liam Strong in glory.

Four years into the job, he has manifestly failed to deliver the promised turnaround in the diversified retailer's performance. But there is little to be gained from a change in management. Mr Strong's basic strategy is right. It may have taken longer than it should, but he has slimmed down the group and integrated support functions.

With the exception of the likely disposal of Hush Puppies, the restructuring is at last complete. The argument for further disposals is persuasive but not compelling. The flotation of Harvey Nichols at a valuation of 26 times historical earnings certainly makes spinning off Selfridges look tempting. But if Harvey Nichols fails to live up to its ambitious valuation, the attraction of floating Selfridges could well fade.

Furthermore, plans to open regional Selfridges stores suggest Sears is exploiting the value of the brand. The Freemans catalogue business, which Sears also wants to expand, is a better candidate for disposal: the fit is less obvious, and the hoped-for consolidation doubtful, since none of the market leaders want to sell. The other possible divestment is British Shoe, but given its continuing difficulties, it is hardly the right time to maximise shareholder value.

Mr Strong probably has another year to get it right. Given the poor start to trading this year and the company's admission that the latest structural changes will not feed through into profits until the second half, the timetable is a tight one.



DIGEST

Positive mood at Games Workshop

It is run from a Portakabin in Nottinghamshire by an ex-tax inspector with a philosophy degree. But yesterday a positive trading statement from Games Workshop pushed the shares 31p higher to 390p and boosted further the personal fortune of Mr Tom Kirby, the company's 45-year-old chief executive and founder.

He still holds 8.35 per cent in the business which makes and retails miniature fantasy warriors, such as Space Wolves, Blood Angels and Orks, used in elaborate war games.

The group said that trading in the current financial year had been "strong" and the company was expecting profits ahead of market estimates. Mr Kirby said results would also be boosted by a 53-week year and a weekend known as Apocalypse 100 in March, celebrating the opening of the Games Workshop store in Warrington, the company's 100th.

Mr Tim Steer, small companies analyst at Merrill Lynch, yesterday increased his profits forecast from £7.7m to £8.8m for the year to the end of May and from £8.2m to £9.5m for the following year. He described March as "an awesome month" for the company because of Apocalypse 100, but estimated underlying sales growth at 30 per cent.

If the UK supported 90 stores, then the group had hardly scratched the surface in France, Germany and the US, said Mr Steer.

David Blackwell

Daewoo fails to buy Lotus

Daewoo, the South Korean industrial group, has been told by Group Lotus that its negotiations to buy the company have failed, and a search is on to find other potential industrial "partners" for the British sports car maker and engineering consultancy.

"Daewoo is no longer in the picture", Lotus, which employs 1,000, mainly at Hethel in Norfolk, said last night.

It refused to identify any of the new parties said to be involved in discussions. However, "we are looking for more than just a financial partner", the company said. It appears unlikely, however, that any deal is imminent. Lotus insiders last night were suggesting that it could be several months before any deal emerges. John Griffiths

Advertisement for Goldman Sachs International, featuring 'Incentive AB' and 'Gambro AB' with text: 'We acted as financial adviser to Incentive AB in this transaction.'

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IN INDONESIA WE PROTECT THE RAINFOREST WITH FISSEL. A WWF project has resulted in over a hundred fish ponds being built in the high Java rainforest in central Indonesia. The fish ponds provide a much needed, reliable source of protein and food for the local community. They also produce an invaluable by-product: a nutrient for the villagers to take care of their rice fields. The ponds require a supply of clean, fresh water. This is only possible throughout the year by using existing run-off from the surrounding area. WWF has provided the ponds, and fish to stock them with. And because we believe it is more important to educate by physical example than by just giving advice, WWF agricultural extension workers helped to construct concrete tanks and dig fish ponds. Now an entire community runs the fish pond programme without outside help. If you would like to help in any way, please write to the Membership Office at the address below.

CONTRACTS & TENDERS: PRIVATE FINANCE INITIATIVE DERBYSHIRE CONSTABULARY. Under the Government's Private Finance Initiative, Derbyshire Constabulary are seeking expressions of private sector interest in the provision of the imaginative and innovative design, build, finance and operation of a replacement 'D' DIVISION HEADQUARTERS, DERBY. The building will house a range of administrative and operational police formations. Several units provide 24 hour services (including a Custody Suite) and certain units will require hardened security. The design should allow maximum flexibility for changing needs in the future, and it should also incorporate the facility for use of information technology throughout. Parties interested solely in construction funded by public finance should not apply. Requests for further information should be made in writing not later than 17 May 1996 to: The Building Development Officer, Derbyshire Constabulary, Butterley Hall, Ripley, Derbyshire, DE5 3RS. Fax: 01773 572027

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السيد من الامارات

COMPANIES AND FINANCE: UK

Checking into the UK hotels sector

Mr Kwek Leng Beng, head of Hong Leong, is delighted with the successful flotation of the Millennium & Copthorne chain, writes David Blackwell

It is important not to become emotional about hotels, believes Mr Kwek Leng Beng, head of the Singapore-based Hong Leong group and one of the world's wealthiest men.



Kwek Leng Beng at The Gloucester, London: he admits to being interested in cherry-picking some of Granada's Meridien chain

Nevertheless, he was clearly delighted last Friday with the successful flotation of the 28 Millennium & Copthorne Hotels at a valuation of more than \$400m.

Mr Kwek, 55, who is sky of the press, is the son of the founder of the Hong Leong empire, Mr Kwek Hong Ping, who died at the end of 1984.

The group started to keep some of the hotels it had developed as an investment and then decided to manage them.

Mr Kwek spoke of his growing conviction that hotels would become a "very important and big business in the next century".

that companies are cutting back on costs to the detriment of the five-star sector.

His instinct is to buy hotels rather than build them - "the gestation period is too long".

A firm advocate of decentralisation, he believes each hotel should operate as an independent unit.

"There has to be a profit centre. If our head office was in London or Singapore, a lot of executive time would be spent in a plane."

Millennium & Copthorne was described last week by one analyst as a ragbag of hotels slung together over a period of six months.

Mr Kwek rejects the suggestion that the hotels' only common characteristic is that they were bought cheaply.

My cousin is interested in expanding in that part of the world," he said. However, he admits that his group is the only part of Delham with hotel experience.

Further acquisitions by Millennium & Copthorne have not been ruled out.

Mr Kwek admits to an interest in cherry-picking some of Granada's Meridien chain, which is up for sale.

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Mr Kwek admits to an interest in cherry-picking some of Granada's Meridien chain, which is up for sale.

Correction Notice The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe

LEGAL NOTICES INSURANCE ACT 1980 COMPUTER RE-MARKETING AGENTS LIMITED

To the shareholders of Great Nordic Ltd. The ANNUAL GENERAL MEETING of the Company will be held on Tuesday May 7, 1996 at 3.30 pm at Industriens Hus, H.C. Andersens Boulevard 18, DK-1596 Copenhagen V.

The Financial Times plans to publish a Survey on Uruguay on Friday, May 24. The survey will look at the country's economy, Mercosur, pensions reform, banking, politics and more.

arancia-cpc A joint venture of Arancia Industrial, S.A. de C.V. and CPC International, Inc. US\$ 17,500,000 Project financing for the construction of a cogeneration plant and effluent water treatment plant for its San Juan del Rio facilities.

SEND US YOUR OWN PAPERCLIP And while you are at it, please attach your cheque to fund more Macmillan Nurses in the fight against cancer. (Did you know over one million people are living with it?)

LEGAL NOTICES UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE Chapter 11 Case No. 95-15 (PSS)

COMPANY NOTICES NOTICE OF MEETING Notice of Meeting of Nonholders of KIME FAR EAST FUND PLC

IN INDONESIA WE PROTECT THE RAINFOREST WITH FISH. WWF project has resulted in over a hundred fish ponds being built in the tree tops of Indonesia.

ARTAL GROUP S.A. 39, Boulevard Royal, L-2449 Luxembourg R.C. Luxembourg B 44.470

BUSINESSES FOR SALE ÁPV RT HUNGARIAN PRIVATISATION AND STATE HOLDING COMPANY INVITATION TO TENDER

LORRAINE INVESTMENTS LUXEMBOURG S.A. 39, Boulevard Royal, L-2449 Luxembourg R.C. Luxembourg B 47.798

COMMODITIES AND AGRICULTURE

US crop damage drives grain prices to new high

By Alison Mallard

Grain futures prices surged to fresh highs in Chicago yesterday as damage to the US winter wheat crop continued to fuel fears of a shortage. The July wheat contract rose 25 cents in early trading to \$6.19 1/4 a bushel after the exchange increased the daily trading limit to 30 cents. It ran into some profit-taking but still closed up 21 cents at \$6.15 1/4.

Warren King, an analyst with Chicago Investor Services. The sharp rise was fueled yesterday by maize futures, where the July contract climbed 10 1/4 cents to a new contract closing high of \$4.50 a bushel. Maize futures have risen by about 50 cents in the past five days and 95 cents in the past month. The rally in maize is being driven by strong demand for the grain - used mainly in animal feed - at a time when the US is carrying over the lowest stocks on record from last year.

These problems have now been followed by very dry, unseasonably warm weather, when rain is badly needed. Weather remains the main feature of the market, with rainfall becoming especially critical to the southern Plains crops, said Mr Lawrence Eagles, analyst with UK-based brokers GNL. There is speculation that US farmers will pull up as much as 5m acres of damaged wheat and replace it with maize, which yields more per hectare at a time when set-aside production controls have been lifted.

Head start among Canadians in Cuba

Pascal Fletcher on how Northern Orion Explorations's mining plans are shaping up

Vancouver-based Northern Orion Explorations, a 55 per cent joint venture interest in a small gold-silver mine in the US, the Golden Eagle Mine in Nevada, and is also developing a wholly owned venture, the Talpoosa gold-silver project in the same state. In 1995, Miramar sold its interest in its two Cuban projects to Northern Orion, effectively turning its subsidiary

Northwest Territories. It has a 60 per cent joint venture interest in a small gold-silver mine in the US, the Golden Eagle Mine in Nevada, and is also developing a wholly owned venture, the Talpoosa gold-silver project in the same state. In 1995, Miramar sold its interest in its two Cuban projects to Northern Orion, effectively turning its subsidiary

exploration and development agreements with more than 10 foreign mining companies, the majority of them Canadian. These include KWC Resources, Macdonald Mines Exploration, Bellair Goldfields and Jozel Resources among others. Companies from Canada were the first to take advantage of the Cuban government's decision after 1990 to open its mining sector, including nickel, to foreign participation. Along with tourism, mining has been the most dynamic sectors in terms of foreign investor interest.

Like all Canadian companies operating in Cuba, Miramar is sensitive to new US legislation introduced on March 15 which tightens the longstanding US economic embargo against Cuba. The latest measures threaten to penalise foreign companies and their executives judged to be "trafficking" in expropriated, formerly US-owned property in Cuba. But Miramar and its subsidiaries do not expect to be affected by this legislation. The company says it knows of no claims alleging that the concessions are confiscated properties.

enriched copper deposit with an overlying gold-bearing, gossan cap. A final feasibility study carried out by Davy International of Toronto projects a two-year first phase of open pit mining to extract 2m tonnes of ore grading 1.94 grams of gold per tonne. Heap leaching will recover an estimated 80,800 ounces of gold. Northern Orion was continuing to explore 500sq km concessions around both the Delta and Mantua sites and the indications, especially at Delta, were encouraging. The existence of extensive available geological information on both the Mantua and Delta properties gave Northern Orion a head-start over other Canadian companies working in Cuba, which were almost all still at the exploration stage.

Brazilian frosts prospect sends coffee futures racing upwards

By Alison Mallard

Early excitement about the prospect of frosts in Brazil sent coffee futures prices racing upwards in London yesterday. The rise followed a 10 per cent jump to seven-month highs in New York arabica futures on Monday night. Fund buying helped fuel the rally in London, which saw the second position robusta futures contract close \$161 higher at \$2,019, or 8.6 per cent. During the day it hit a peak of \$2,040, the highest level since November.

"The market is always going to be jumpy at this time of year, with the frost season approaching," said one London-based trader. "But the earliest recorded frost in Brazil was at the end of May, so it's a bit premature." New York futures turned down in afternoon trading, with the July position off 4.05 cents at 126.90 cents a pound. London retreated from its intra-day high yesterday as sales of physical coffee were offered into the market. Coffee futures prices are

being supported by very low consumer stocks - now down to 15-year lows of about 8m bags. "Any threat to supply is that much more immediate," said the trader. US certified stocks were drawn down sharply last week by 22,336 bags to 97,984 bags. Coffee appears to be attracting some of the money moving into commodity markets on the grounds they have potential to move while other financial instruments offer less attractive returns, according to analysts and traders.

Romania invites tenders for oil and gas exploration

By Virginia Marsh in Bucharest

Romania, central Europe's only significant oil producer, yesterday launched an international tender for exploration and production rights on 15 new blocks. Shell, the Anglo-Dutch group, and Enterprise Oil of the UK, both of which already have exploration operations in Romania, are among several major western oil companies that have expressed an interest in bidding. At a conference in Bucharest, the country's National Agency for Mineral Resources said companies had until October 31 to enter bids for up to five years exploration rights with the possibility of a further 25 years for production in the event of a commercial find.

Fourteen of the blocks are onshore with the fifteenth offshore on the Black Sea continental shelf. Acreage of the blocks ranges from 500 to 2,000 square kilometres. The three day conference is being attended by more than 80 local and international oil companies and the agency said

interest in the blocks had exceeded expectations. The tender is the first to be organised since the agency was created last year and a much delayed new petroleum law took effect in March. In 1992 Shell and Amoco of the US each won an onshore block and a consortium led by Enterprise won two offshore blocks in the country's only other major licensing round since the end of communism. Exploratory drilling has begun on all four blocks after promising seismic tests. Romania was one of the first

countries in the world to produce oil and gas commercially but reserves were over-exploited in the communist era. Crude oil production was 6.7m tonnes last year, down from peaks of 14m tonnes in the 1970s, and enough to cover nearly half of domestic demand. Gas output, which has also slumped, was 18.2bn cubic metres in 1995, when the cubic imported imports were 5.9 bn cubic metres. Western oil companies have described the new law as workable but vague and said yesterday the proposed tender contracts had clarified some but not all issues. The 1992 contracts included production sharing agreements but the new law also enables oil operators to negotiate royalties with the agency.

day the proposed tender contracts had clarified some but not all issues. The 1992 contracts included production sharing agreements but the new law also enables oil operators to negotiate royalties with the agency.

COMMODITIES PRICES

BASE METALS

Table with columns for metal type (Copper, Aluminum, Zinc, Lead, Tin), price change, high, low, and open prices.

PRECIOUS METALS

Table with columns for metal type (Gold, Silver, Platinum, Palladium), price change, high, low, and open prices.

GRAINS AND OIL SEEDS

Table with columns for grain type (Wheat, Corn, Soybeans, Barley), price change, high, low, and open prices.

SOFTS

Table with columns for soft commodity type (Cocoa, Coffee, Sugar, Cotton), price change, high, low, and open prices.

MEAT AND LIVESTOCK

Table with columns for meat type (Cattle, Hogs, Poultry), price change, high, low, and open prices.

ENERGY

Table with columns for energy type (Crude Oil, Heating Oil, Gasoline), price change, high, low, and open prices.

NATURAL GAS

Table with columns for natural gas price change, high, low, and open prices.

FUTURES DATA

Table with columns for futures type (Soybean Meal, Soybean Oil, Corn, Wheat), price change, high, low, and open prices.

INDEXES

Table with columns for index type (DAX, Nikkei, FTSE, S&P 500), price change, high, low, and open prices.

VOLUME DATA

Table with columns for volume type (Copper, Silver, Gold, Platinum), price change, high, low, and open prices.

JOTTER PAD: A grid for taking notes with columns for date, time, and text.

CROSSWORD: A crossword puzzle grid with clues and the text 'No.9,051 Set by ADAMANT'.

Solution 9,050: A crossword puzzle solution grid with the text 'Nine answers are 16 across; they are only partially clued'.

Handwritten Arabic text: 'سكوا من الاصل' (Sukwa min al-Asl).

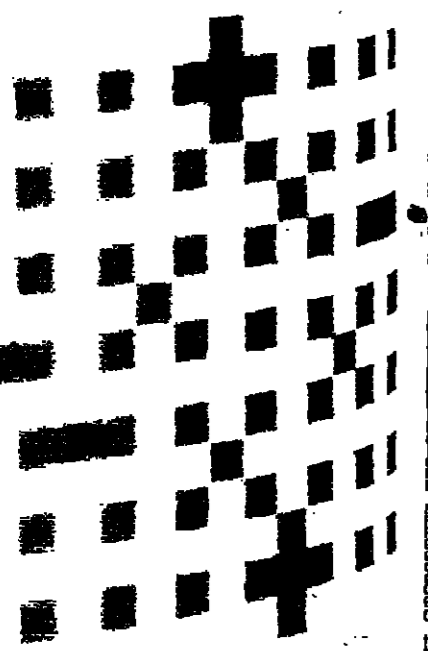
صكرا من الاصل

Plans in Cuba

T

gas exploration

CROSSWORD



ISSUERS



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INTERNATIONAL CAPITAL MARKETS

Italian prices show further outperformance

By Samer Iskander in London and Lisa Bransten in New York
Italian bonds were once again the best performing sector...

further outperformance by BTfs. Analysts at Bear Stearns revised their projections for the 10-year spread between BTfs and bunds downwards...

notional contract closed at 123.36, up 0.10. In the cash market, the 7% per cent OAT due 2006 rose by 0.03 to 106.03...

During the placement of new bond issues, lead managers often sell futures contracts or government bonds to hedge their holdings...

106 1/2, down 1/8. However, traders expect the market to start performing better once the new supply is out of the way...

down 1/8 at 100 5/16, yielding 5.994 per cent. At noon, the June Treasury bond future had fallen 1/4 at 110 1/4.

Electricity sector galvanises banks

By Antonia Sharpe
Leading banks in the syndicated loans market are finding themselves pitted against each other as takeover activity in the UK's electricity sector intensifies...

to general syndication while the bid is still hostile, banks will be forced to reveal which client they are backing.

Portugal raises French francs

By Conner Middlemass
The eurobond market was swamped by a flood of new issuance yesterday, with most activity concentrated in the US dollar sector.

especially insurance companies - which took about 70 per cent of the deal, with the rest placed around Europe.

reported strong sales to Asia and the Middle East where "Flemings has very high name recognition" and said the deal was sold out.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Amount, Coupon, Price, Maturity, Fees, Spread, Book-runner. Lists various international bond issues from US Dollars, French Francs, and Australian Dollars.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS table showing prices and yields for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, and US Treasury.

BUND FUTURES OPTIONS (LFFE) DMS250,000 points of 100%

Table showing CALLS and PUTS for Bund Futures Options with columns for Strike Price, May, Jun, Jul, Sep, and Open Int.

ITALY

Table showing NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LFFE) with columns for Open, Settle, Price, Change, High, Low, Est. Vol., and Open Int.

ITALY GOVT. BOND (BTP) FUTURES OPTIONS (LFFE) Lm200m 100% of 100%

Table showing CALLS and PUTS for Italy Govt. Bond Futures Options with columns for Strike Price, Jun, Sep, and Open Int.

SPAIN

NOTIONAL SPANISH BOND FUTURES (MEF)

Table showing Open, Settle, Price, Change, High, Low, Est. Vol., and Open Int for Notional Spanish Bond Futures.

UK

NOTIONAL UK GILT FUTURES (LFFE) £250,000 of 100%

Table showing Open, Settle, Price, Change, High, Low, Est. Vol., and Open Int for Notional UK Gilt Futures.

LONG TERM FRENCH BOND OPTIONS (MATIF)

Table showing CALLS and PUTS for Long Term French Bond Options with columns for Strike Price, May, Jun, Sep, and Open Int.

GERMANY

NOTIONAL GERMAN BOND FUTURES (LFFE) DMS250,000 100% of 100%

Table showing Open, Settle, Price, Change, High, Low, Est. Vol., and Open Int for Notional German Bond Futures.

UK GILTS PRICES

Table showing prices for various UK Gilt securities including Treasury Bills, Treasury Notes, and Treasury Bonds.

FT-ACTUARIES FIXED INTEREST INDICES

Table showing Price Indices for various fixed interest categories like 1 Up to 5 years, 2 5-15 years, etc.

FT FIXED INTEREST INDICES

Table showing Government Securities (Govt. Secs.) and FT Fixed Interest Indices for various maturities.

GILT EDGED ACTIVITY INDICES

Table showing Gilt Edged Activity Indices for various categories like 100.4, 79.8, 69.9, etc.

FT/ISMA INTERNATIONAL BOND SERVICE

Large table listing international bonds with columns for Issuer, Maturity, Coupon, Yield, and Price. Includes entries for US Dollar Straddles, Japanese Govt. Bonds, and various international issues.

CONVERTIBLE BONDS

Table listing convertible bonds with columns for Issuer, Maturity, Coupon, Yield, and Price. Includes entries for various international convertible bond issues.

Source: FT/ISMA International Bond Service. Data as of 11:00 am on April 23, 1996. Reproduction in whole or in part is not permitted without written consent.

Handwritten note: "LSD in the market"

Electricity sector galvanises banks

MARKETS REPORT

D-Mark remains on back foot in currency markets

By Philip Gawth

The dollar and the lira both rose to fresh highs against the D-Mark yesterday as the weak German currency continued to dominate foreign exchange trading.

The German currency fell to a 14 month low against the US dollar, and an 18 month low against the Italian lira, which maintained its buoyant tone following the centre-left's election victory.

The climate of a weaker D-Mark continues to provide other European countries with greater latitude in monetary policy. The Swedish Riksbank was the latest to take advantage, cutting its key repo rate to 6.9 per cent from 7.15 per cent.

The lira finished unchanged in London at L1,050 against the D-Mark after earlier slipping below L1,000 to L1,010.

The dollar maintained its firm showing against the D-Mark, finishing at DM1.518.

from DM1.518. It remains weak against the yen, confirming that current moves are more a reflection of D-Mark weakness than dollar strength. It closed at Y106.635, from Y106.465. Markets paid little attention to a 17 per cent fall in US's February trade deficit.

The upshot was that the D-Mark weakened further against the yen, closing at Y70.12, from Y70.33. At one point the D-Mark looked like it would breach the Y70 level.

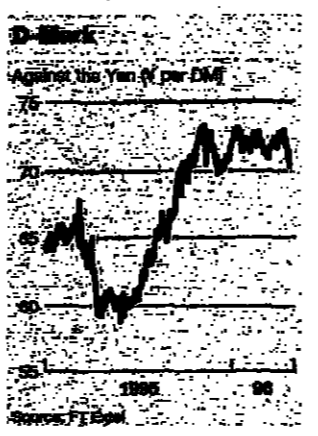
Sterling was also a beneficiary of the weaker D-Mark, rising to a seven month high. It finished at DM2.2897, from DM2.2916. Against the dollar it closed at \$1.5144, from \$1.5113.

The Bundesbank's decision last week to cut interest rates

continues to reverberate in the foreign exchange markets. Coming against the background of a weaker D-Mark it has been interpreted by the market as that rare phenomenon - a Bundesbank endorsement of a weaker D-Mark.

Mr Avinash Persaud, currency strategist at JP Morgan in London, said the bank's move appeared to indicate that "the exchange rate is the only tool it has left to stimulate the economy. They appear to be using the exchange rate in a very un-Bundesbank fashion."

Mr David De Rosa, a director of foreign exchange at SBC Warburg in New York, said one of the big themes in the market at the moment was the unprecedented optimism about the prospects for a European single currency. Underpinning this view is the "recognition that Germany has entered a period of reduced economic activity and, more importantly, that the Bundesbank has its eyes on that ball."



This trend has been bolstered by the dramatic resolution to the ongoing story of political mayhem in Italy. Three to four months ago that was unthinkable.

had its roots more in the weakness of the D-Mark than in any other change in sentiment in favour of EMU.

He said: "The strong dollar, weak D-Mark makes investors feel that risks to EMU are reduced. The foreign exchange market has facilitated putting the EMU issue back on the bond markets agenda."

The reasoning is that a weaker D-Mark allows other European countries to run easier monetary policies. This in turn allows them to maintain the fiscal rigour necessary if they are to have a chance of meeting the Maastricht convergence criteria.

The other key theme in the markets is the divergence between the dollar's performance against the yen and the D-Mark. Mr Joe Predrag, currency strategist at Merrill Lynch in London, said the dollar's inability to break out of ranges against the French and Swiss francs underscored the

theme of D-Mark weakness, not dollar strength. He said that both the Swiss and French central banks had been "stochastic" in not following the German lead towards lower rates. Recent developments confirmed his view that the French franc might well return to its old ERM central parity of FF3.3666 against the D-Mark.

Mr De Rosa said the dollar's weakness against the yen was "largely a reaction to disappointment that something more concrete did not come out of the G-7 summit." He said this was a case of markets hoping that a more convincing case be made for Japanese recovery, rather than expectations of outright dollar support.

Other currencies

POUND SPOT FORWARD AGAINST THE POUND

Table with columns for currency, bank, and various rates (spot, 1 month, 3 months, 6 months, 1 year).

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for currency, bank, and various rates (spot, 1 month, 3 months, 6 months, 1 year).

CROSS RATES AND DERIVATIVES

Table of exchange rates for various currencies (Belgium, Denmark, France, Germany, etc.).

UK INTEREST RATES

Table showing UK interest rates for different terms (overnight, 1 month, 3 months, 6 months, 1 year).

EUROPEAN CURRENCY UNIT RATES

Table showing ECU rates for various European currencies.

NON ERM MEMBER STATES

Table showing rates for non-ERM member states like Greece, Italy, and Turkey.

UK TREASURY BILL FUTURES

Table showing UK Treasury Bill futures prices and changes.

BASE LENDING RATES

Table showing base lending rates for various banks and institutions.

EXCHANGE CROSS RATES

Table of exchange rates for various currencies (Belgium, Denmark, France, Germany, etc.).

JAPANESE YEN FUTURES

Table showing Japanese Yen futures prices and changes.

STERLING FUTURES

Table showing Sterling futures prices and changes.

EUROPEAN CURRENCY UNIT RATES

Table showing ECU rates for various European currencies.

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UK TREASURY BILL FUTURES

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Notice of Early Redemption to Holders of Series D of RSVP Westminster Limited U.S. \$154,000,000

Notice of Early Redemption to Holders of Series C of RSVP Westminster Limited U.S. \$154,000,000

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MARGINED CURRENCY DEALING Laurion

NOTICE TO THE HOLDERS OF US \$1,500,000,000 UNITED MEXICAN STATES DEBENTURE NOTES

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector.

BREWERS, PUBS & REST

Table listing companies in the Brewers, Pubs & Rest sector.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector.

CHIMICALS

Table listing companies in the Chemicals sector.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector.

ELECTRICITY

Table listing companies in the Electricity sector.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of Electronic & Electrical Eqpt sector table.

ENGINEERING

Table listing companies in the Engineering sector.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries sector table.

FOOD PRODUCERS

Table listing companies in the Food Producers sector.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector.

HEALTH CARE

Table listing companies in the Health Care sector.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector.

INSURANCE

Table listing companies in the Insurance sector.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS SPLIT CAPITAL

Table listing companies in the Investment Trusts Split Capital sector.

HEALTH CARE - Cont.

Continuation of Health Care sector table.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods sector table.

INSURANCE - Cont.

Continuation of Insurance sector table.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Continuation of Investment Trusts Split Capital sector table.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Continuation of Investment Trusts Split Capital sector table.

Advertisement for Railtrack Share Offer, NatWest Bank, and Share Shop. Includes text: 'Don't be side tracked.', 'Registration for the Railtrack Share Offer closes on Monday 29 April. Register now with the NatWest Share Shop. Call 0990 600 600', and 'NatWest More than just a bank'.

HEALTH CARE - Cont.

Continuation of Health Care sector table.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector.

INSURANCE

Table listing companies in the Insurance sector.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS SPLIT CAPITAL

Table listing companies in the Investment Trusts Split Capital sector.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Continuation of Investment Trusts Split Capital sector table.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Continuation of Investment Trusts Split Capital sector table.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

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INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Continuation of Investment Trusts Split Capital sector table.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Continuation of Investment Trusts Split Capital sector table.

صكمان الامل

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for company name, share price, and other financial data.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for company name, share price, and other financial data.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for company name, share price, and other financial data.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued) with columns for company name, share price, and other financial data.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for company name, share price, and other financial data.

OIL, INTEGRATED

Table listing integrated oil companies with columns for company name, share price, and other financial data.

OTHER FINANCIAL - Cont.

Table listing other financial companies (continued) with columns for company name, share price, and other financial data.

OTHER FINANCIAL

Table listing other financial companies with columns for company name, share price, and other financial data.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for company name, share price, and other financial data.

PROPERTY

Table listing property companies with columns for company name, share price, and other financial data.

PROPERTY - Cont.

Table listing property companies (continued) with columns for company name, share price, and other financial data.

RETAILERS, GENERAL

Table listing general retailers with columns for company name, share price, and other financial data.

RETAILERS, FOOD

Table listing food retailers with columns for company name, share price, and other financial data.

RETAILERS, GENERAL

Table listing general retailers (continued) with columns for company name, share price, and other financial data.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued) with columns for company name, share price, and other financial data.

SUPPORT SERVICES

Table listing support services companies with columns for company name, share price, and other financial data.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for company name, share price, and other financial data.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for company name, share price, and other financial data.

AMERICANS - Cont.

Table listing American companies (continued) with columns for company name, share price, and other financial data.

AMERICANS

Table listing American companies with columns for company name, share price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for company name, share price, and other financial data.

CANADIANS

Table listing Canadian companies (continued) with columns for company name, share price, and other financial data.

SOUTH AFRICANS

Table listing South African companies with columns for company name, share price, and other financial data.

SOUTH AFRICANS

Table listing South African companies (continued) with columns for company name, share price, and other financial data.

Advertisement for CMG: WHY BOTHER TO PAY YOUR STAFF? Your business is running a business. So the less precious time you spend worrying about your payroll the better...

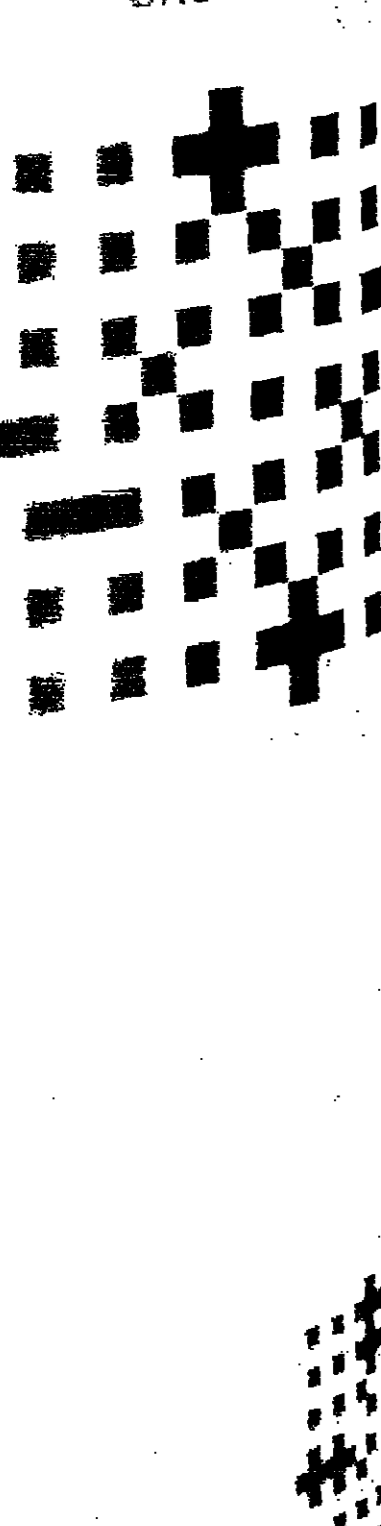
GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Direct, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE Actuaries Share Index.

ains in Cuba

as exploration

CROSSWORD



سكرا من الاصل

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4376 for more details.

Table with columns for fund names, prices, and performance metrics. Includes sections for 'Global Growth - Cash', 'Global Growth - Equity', 'Global Growth - Bond', and 'Global Growth - Multi-Asset'.

Table with columns for fund names, prices, and performance metrics. Includes sections for 'Global Growth - Multi-Asset', 'Global Growth - Multi-Asset', and 'Global Growth - Multi-Asset'.

OTHER OFFSHORE FUNDS

Table with columns for fund names, prices, and performance metrics. Includes sections for 'Offshore Insurances', 'Offshore Insurances', and 'Offshore Insurances'.

Positive mood at James Workshop

Financial Times logo and other text.

Financial Times logo and other text.

MANAGED FUNDS NOTES: Please see the notes on page 28 for more details. The fund prices on these pages are also available on the Internet at www.ft.com

LONDON STOCK EXCHANGE

MARKET REPORT

Rights talk and gilts auction fears upset shares

By Steve Thompson, UK Stock Market Editor

London's equity market wilted again under a welter of bearish stories, some eminently plausible, others extremely far-fetched. The fundamentals included a disappointing Quarterly Trends Survey, published by the Confederation of British Industry, which highlighted sluggish output and new orders and a dip in business confidence. And the absence of another much rumoured takeover bid in the utilities sector was a further depressing influence in the marketplace. Another downside factor was a

strong rumour that one of the big FT-SE 100 stocks was preparing a substantial rights issue, possibly to finance a big acquisition. British Airways was cited as a possible rights issue candidate, as were the Footsie's brewing giants, Bass and Scottish & Newcastle. Adding to the market's general unease yesterday were worries about today's auction of £2bn worth of 10-year gilts. Dealers said bond markets had become increasingly nervous ahead of the gilts, bond and bond auctions scheduled for this week. The upshot of all this perceived bad news was that the FT-SE 100 index posted its second successive

decline, losing a further 19.7 to 3,833.0. The downside pressures were much less obvious in the FT-SE Mid 250 index, which finally succumbed to small pockets of profit-taking and eased 4.0 to 4,540.1. The day was not without the usual daily dose of takeover speculation, or the "usual fantasies" as one dealer put it. The spotlight yesterday shined on Zeneca, whose shares challenged their all-time high in the wake of stories that a bid from the Continent or the US was on the way. Such stories have propelled Zeneca on numerous occasions in the past year. Ladhroks, where talk of a bid from Bass, Scottish & Newcastle or

Hilton International crop up weekly, was one of only a handful of Footsie stocks to make progress, as was Thorn EMI, owing to renewed talk of a break-up bid. Meyer International, the timber and building materials group, was another to attract bid rumours. Rumours continued to circulate in the utilities, where market-makers are expecting the Department of Trade and Industry to give the green light for National Power and PowerGen to proceed with their bids for Southern and Midlands Electricity. Some dealers expect NatPower to raid the market for Southern Electricity shares immediately the DTI

news is made public. A bid for National Power from Southern Company, of the US, is being predicted for Thursday. London gave ground from the outset, with the FT-SE 100 opening 13 points off and never looking able to recoup its early loss. Turnover topped the 1bn-share mark, eventually settling at 1,080n at the 6pm calculation. This figure was inflated by very heavy volume in BET, 150n shares, which accounted for 14 per cent of the overall total and which followed the market lead on the stock by Rentokil, whose bid closes on Friday. Customer business on Monday was worth £1.85bn.

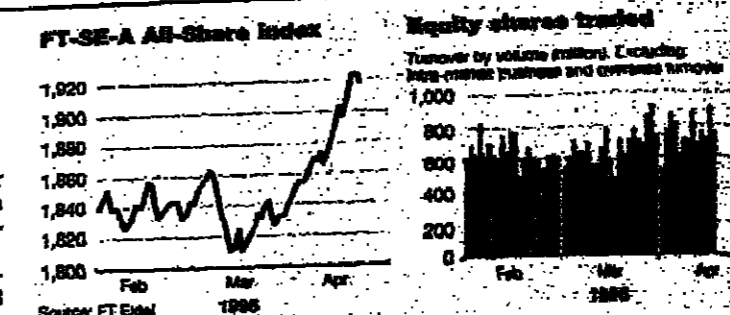


Table with 2 columns: Index Name and Value. Includes FT-SE 100 (3833.0), FT-SE Mid 250 (4540.1), FT-SE All-Share (3833.0), and various industry indices like FT Ordinary Index, FT-SE Non Fin Pre, FT-SE 100 Full Jan, etc.

Defence sector mauled

Defence stocks took something of a direct hit as the political tension between the UK and Saudi Arabia spilled over into the stock market. The catalyst was a profits warning from Babcock International, which announced a slump in orders largely as a result of the Saudi row. Babcock tumbled more than 12 per cent and sentiment in the sector went into a nosedive. Among the leaders, British Aerospace came off 14 to 864p. Rolls-Royce lost 2 to 238 1/2p in 10m traded and GKN closed 13 lower at 97 1/2p. Vickers was off 8 at 263p and Lucas Industries shed 6 to 230p. Most analysts admitted that any loss of Saudi-favoured contractor status would be a problem, but felt that many of the scare stories floating around the City had been overplayed. Babcock was said to be something of a special case. Brokers downgraded profits savagely and the stock dropped 15 1/2 to a new low of 133p in record volume of 9.2m shares. BZW cut back its forecast for this year by £7m to £17m.

jumped 33 to 1390p to make it the day's best performer among FT-SE 100 constituents. Volume at the close stood at a healthy 2.6m shares. The return of bid speculation was one factor in the initial advance of the shares, though analysts moved yesterday afternoon to beat down talk of a possible bid from Swiss group Roche. Other analysts attributed the demand to a "general catching up" in the second quarter of the year, the stock having lagged behind its rivals. Some pointed to a simple squeeze in the stock. One analyst said: "Genuine business is thin on the ground and traders are just looking to generate business by making excuses for rights issues." He said that S&N was still digesting Courage, and Bass had no need for a rights issue in order to make a major acquisition. Bass tipped 4 to 786 and S&N softened 5 to 683p - in spite of speculation that it could be making a £700m sale and lease-

back on Centre Parcs. Among retailers, Sears, which also owns the Freemans mail order business, hardened 1% to 98 1/2p in spite of disappointing results and the disclosure that mail order business was 5 per cent down in the first two months of this year among the main players, excluding GUS, the market leader. In spite of this mail order caution also depressed GUS, which fell 17 to 745p. Analysts also said GUS had had a strong run recently and there was some profit-taking. T.J. Hughes, the discount retailer, added 4 at 61p following results and news of management changes. Rumour and counter-rumour continued in the regional electricity sector yesterday. National Grid remained on the market's bid list and the shares firmed another 2 to 200 1/2p. Dealers also suggested

that several institutions had been bid for stock in the market to avoid getting caught short in the event of a bid; while other buying came from those that simply favour the stock's yield attractions. There was heavy volume of 14m. Expectations of a raid on Southern Electricity from its agreed suitor National Power saw the shares maintain their strong momentum, adding 12 at 903p in trade of 1.7m. There was substantial profit-taking in National Power, which left the shares trailing 9 to 586p following trade of 4.8m, with dealers reporting some switching out of NatPower and into National Grid. Traders bid bid from Southern Co, the US utility, is still on the cards. Among leading composite insurance stocks, Guardian Royal Exchange shed 2 to 238p, while Royal Insurance Holdings fell 3 to 364p. Sun Alliance eased 2 to 358p and General Accident retreated a penny to 64p.

Lehman Brothers, the US investment bank yesterday reiterated its underweight stance on the sector. It downgraded earnings to reflect poor weather and deeper downturn and said it now expects sector earnings to halve between 1995 and 1997. However, Lehman continues to favour Royal Insurance and said it "appears fundamentally cheap after 18 per cent underperformance". Profits downgrades cast a cloud over telecom shares. Merrill Lynch cut back at Cable and Wireless and Vodafone, and both lost ground. C&W was Merrill's main focus. Rising start-up costs in Europe and heavier depreciation have led the broker to cut back earnings estimates and move from buy to hold on the stock. It has reduced its profits estimates by 645m to £1.94bn for 1996 and by 200m to £1.6bn for 1997. Possible earnings dilution

from recent French moves is the reason for the downgrade at mobile phones group Vodafone, where Merrill is looking for profits of £520m for 1997, down from £550m. The shares, off 8 1/2 at 256 1/2p, fell to the bottom end of the Footsie rankings. C&W ended 4 lower at 331p. A positive annual meeting from oil exploration group Lasso left the shares 1 1/2 better at 191p. Profit-taking continued to squeeze media stocks. Reuters tumbled 15 to 764p for a two-day decline of 4 per cent. Reed International shed 11 to 1160p as institutions switched into Elsevier.

MARKET REPORTERS: Jeffrey Brown, Lisa Wood, Joel Kibzoxo.

LONDON RECENT ISSUES: EQUITIES

Table of recent equity issues with columns for Issue Name, Price, and other details.

FUTURES AND OPTIONS

Table of futures and options prices for FT-SE 100, FT-SE Mid 250, and FT-SE All-Share.

TRADING VOLUME

Table showing trading volume for major stocks like British Aerospace, British Telecom, etc.

Zeneca advances

Pharmaceuticals group Zeneca was one of the day's main talking points as several reasons combined to drive the stock sharply ahead. Moving strongly against the poor market trend, the shares

BET raided

BET was easily the day's most heavily traded stock. Support services rival Rentokil, which has mounted a bid for BET, snapped up 6.8 per cent of the group ahead of Friday's offer deadline and pushed BET volume up to 150m shares. Rentokil was said to have acquired its stake from willing sellers among institutional shareholders. BET closed 4 higher at 205 1/2p and Rentokil added 5 1/2 at 368 1/2p. Timber specialist Meyer International stood out among building materials shares. There was talk of a stock shortage and speculation that Harrison's & Crossfield was lining up a deal. Meyer rose 26 to a new high of 460p. The performance contrasted with general weakness for the sector following a cautious note from NatWest Securities. Meyer acquired Harrison's & Crossfield's timber operations last year for £18m and there has been sporadic but persistent rumours of further corpo-

FINANCIAL TIMES EQUITY INDICES

Table of financial indices including FT-SE 100, FT-SE Mid 250, FT-SE All-Share, and various industry indices.

CONTRACTS & TENDERS

Prices for electricity generated by the proposed power plant and transmission lines for the ÇUKUROVA ELEKTRİK A.Ş. project.

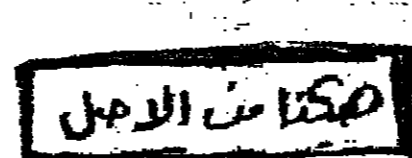
ÇUKUROVA ELEKTRİK A.Ş. PROCUREMENT NOTICE FOR THE SUPPLY OF GENERATOR AND POWER TRANSFORMERS. Includes details of the project, bidding schedule, and contact information for Seyhan Barajı, P.O. Box 239, Adana-Türkiye.

FT-SE Actuaries Share Indices. The UK Series. Table showing share indices for various insurance companies like 10 MINERAL EXTRACTION, 15 OIL EXTRACTION, etc.

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Hourly movements. FT-SE 100, FT-SE Mid 250, FT-SE All-Share. FT-SE Actuaries 350 Industry baskets. Table showing hourly price movements and industry basket performance.



WORLD STOCK MARKETS

Main table of world stock markets including sections for EUROPE, ASIA, PACIFIC, SOUTH AMERICA, AFRICA, and AUSTRALIA. Each section lists various stock indices and their values.

Advertisement for Rockwell avionics featuring the text: 'Every major world airline flies with Rockwell avionics' and the Rockwell logo.

INDICES section containing various regional and global index values and their percentage changes.

US INDICES section containing detailed data for major US stock indices like Dow Jones, S&P 500, and NASDAQ.

AMERICA section containing data for major US stock indices and a list of individual stocks with their prices and changes.

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4 pm close April 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Table of stock prices for various companies, including columns for company name, price, and change. Includes sub-sections like 'A-D', 'E-H', 'I-L', 'M-P', 'Q-T', 'U-Z'.

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Advertisement for Hewlett-Packard with the headline 'Race to Market' and text: 'If the business decisions are yours, the computer system should be ours. http://www.hp.com/go/computing'.

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NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections for 'Continued from previous page', 'A-Z', and 'X-Y-Z'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change. Includes sub-sections for 'Continued from previous page', 'A-Z', and 'X-Y-Z'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

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AMERICA

Digital results provide a lead to Nasdaq

Wall Street

Digital Equipment's forecast of stronger personal computer sales in the fourth quarter helped spur continued gains in the technology sector that led the Nasdaq composite to outperform other indices...

Digital Equipment

Shares price (%)... Digital Equipment's shares rose 1.5 per cent after the company reported first-quarter earnings of 74 cents a share.



Source: Datastream

In early trading the stock, traded on the New York Stock Exchange, was up 5/8 or 9 per cent at \$80.75. Compaq Computer added 1/4 at \$43.75.

The forecast of an end to the recent weakness in computer sales was good news for several of the semiconductor companies that trade on the Nasdaq. Applied Materials added 3/8, Applied Materials added 3/8, Lam Research was 1/8 stronger at \$39 and Intel gained 1/4 at \$58.

Telmex hurts Mexico

Mexican stocks slid after trading resumed following an early systems fault, and traders said that the market was weighed down by a negative reaction to Telefonos de Mexico's first-quarter earnings.

Industrials in sharp retreat

Industrials retreated from Monday's record highs on profit-taking, with traders remarking that the market now seemed about to enter a consolidation phase.

Table with columns: NATIONAL AND REGIONAL MARKETS, FT/SE ACTUARIES WORLD INDICES. Rows include Australia, Austria, Belgium, Brazil, Canada, Denmark, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, United Kingdom, USA.

EUROPE

Profit-taking pulls Milan back from early peak

Profit-taking pulled MILAN back from its early peak, which was an extension of the euphoria on Monday that greeted the outcome of the general election, while individual developments also made for some sharp price movements.

Left leader, that Italy should aim to begin the sale of the group this year. Number 1 reasons were offered for a 1.238 fall to 1,500 in Fiat, whose board meets today to examine the 1995 results.

Some investors were said to be increasingly worried that the strengthening lira might have hurt first-quarter earnings, while the company's plan to invest 120,000bn between 1998 and 2002 on 15 new car models was above many analysts' expectations.

Montedison tumbled 1.67 to 1.608 after Monday's suspension of the company announced a capital writedown but said that it had posted net profits of 1,070bn in 1995.

FRANKFURT ended the floor trade in a positive frame of mind with the Dax up 4.27 at 2,550.18. This trade did little to help the index ending to 2,545.80.

Paris was more volatile, with the CAC-40 index closing 4.56 down at 2,111.98. Turnover was high at FF5.5bn. Eurotunnel added to Monday's fall with another drop of 15 centimes to FF2.50.

ASIA PACIFIC

Inflation data help to lift Sydney by 1.4 per cent

Fudosen improved Y20 to Y1.378 after the real estate put on Y10 at Y1.440. Rubbers and textiles issues gained ground as laggards.

In Osaka, the OSE average rose 108.75 to 23,563.17 in volume of 107.3m shares. Nintendo, the video game maker, was up Y200 to Y7,800.

Investment funds were among the heaviest sellers of bank stocks. The retreat was led by Hang Seng Bank, which shed HK\$2.25 to HK\$77.25.

SEKTEL was up as fears of share overpricing and rumours of financial trouble at a construction company sparked profit-taking. The composite stock index relinquished 10.06 at 940.55.

Manila rose on heavy foreign buying as foreign investors stayed away from the view that the second half would be better for companies because of low inflation data.

Indonesia's index finished 1.22 points ahead at 3,288.42. About 71.2m shares valued at B\$7.7bn changed hands, up from the previous session's 59.8m shares worth B\$4.7bn.

Sydney accelerated to its highest close in nearly two months, with the All Ordinaries index climbing 3.6 or 2.4 per cent to 2,900.0.

London's FTSE 100 index advanced 1.9 per cent, supported by Commonwealth Bank, up 19 cents to A\$10.54, and National Australia Bank, 23 cents higher at A\$11.98.

HONG KONG was broadly lower led by a decline in the banking sector on concern that increasing competition for mortgage loans would hurt profits. The Hang Seng index ended 20.32 down at 10,889.05, off a session's high of 10,951.

Banking and finance index advanced 1.9 per cent. The FTSE 100 index was up 1.9 per cent, supported by Commonwealth Bank, up 19 cents to A\$10.54, and National Australia Bank, 23 cents higher at A\$11.98.

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NORWEGIAN BANK OF BUILDING SOCIETY. \$100,000,000 Floating Rate Notes 1996. Notice is hereby given that for the interest period from 22 April 1996 to 22 July 1996 the notes will carry an interest rate of 6.875% per annum.

European Investment Bank. £150,000,000 Floating Rate Notes due October 2002. In accordance with the provisions of the Notes, tender is hereby given for the issue of the £150,000,000 Floating Rate Notes.

IRL 150,000,000 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Floating Rate Notes due 1998. Interest Rate: 8.9282% Interest Period: April 23, 1996 to October 23, 1996.

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